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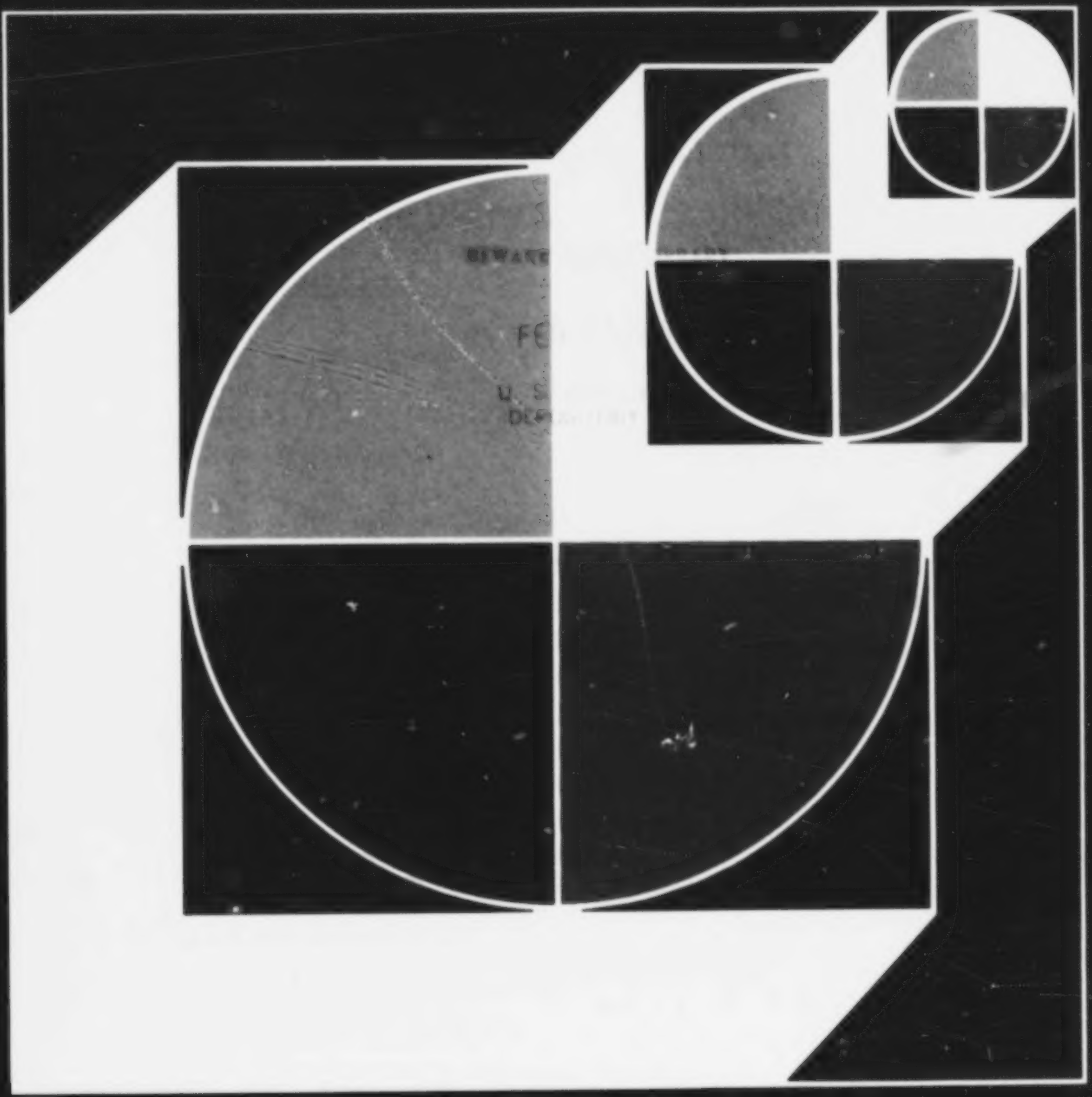

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Contents:

Federal Sources of Family Economic Data 1
Frankie N. Schwenk

Terms, Concepts, and Acronyms in Family Financial Planning 13
Joyce Pitts

Convenience and the Cost of the "Newer" Frozen Plate Dinners and Entrees 26
Dianne D. Odland, Ruth S. Vettel, and Carole A. Davis

Bulk Foods--Cost and Other Considerations 33
Dianne D. Odland

Abstracts

Revision of the Consumer Price Index in 1987 22

Women and Social Security--Findings From the New Beneficiary Survey 23

Economic Characteristics of U.S. Households--2d Quarter 1984 24

Second Edition of Dietary Guidelines Available 39

Regular Features

Cost of Food at Home 32

Some New USDA Publications 39

Index of Articles in 1985 Issues 40

Consumer Prices 41

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Federal Sources of Family Economic Data

By Frankie N. Schwenk
Family economist

The Federal Government collects, analyzes, and disseminates vast quantities of data. The data are used to assess status, measure trends, or provide a basis for policy and program decisions. They are collected with careful procedures, the samples often are large, the cost to users is low, and copyright restrictions do not apply.

The availability and easy accessibility of Federal data provide family economists with extensive information useful in addressing family economic issues. Of particular interest are data related to the economic well-being of families and individuals (for example, income, assets, and expenditures), the economy (prices and unemployment), and population characteristics (age distribution, family composition, and mobility).

This article outlines major sources of family economic data available from Federal agencies and discusses considerations in the use of these data. It includes a Directory of Data Files and a Directory of Catalogs (pp. 6-12).

TYPES AND SOURCES OF SURVEY DATA

Survey data are collected from households and individuals or from other sectors such as financial institutions and business establishments. Family economists usually analyze household surveys, but also use information from nonhousehold sectors for comparisons, so the Directory of Data Files includes some nonhousehold sector data (Flow of Funds, National Income and Product Accounts (NIPA), and Labstat files) in addition to the household surveys.

Data are available as microdata (individual responses usually available on computer tape) or summary data (totals or averages usually presented in printed tables).[1] All of the household surveys listed in the directory have microdata tapes which contain responses from the individuals or households, allowing analysis of relationships between household characteristics and expenditures or other economic behavior. Primary published sources of summary data from these surveys are named in the directory. To obtain detailed ordering information for the microdata tapes or printed materials, contact the agency listed with the survey description. Addresses and phone numbers are in the accompanying Directory of Catalogs.

Several new data sources are available. The Survey of Income and Program Participation (SIPP) has extensive coverage of income, as well as labor force experience and participation in major government programs. Periodic questions add information on assets, liabilities, education, and other related topics. Each of the 20,000 households in the sample is interviewed every 4 months for a period of 2-1/2 years. The first interviews were in 1983. A new panel is initiated each year. Quarterly data are published in a Current Population Report (P-70) series and are available on microdata tapes.

Another continuing survey, the Consumer Expenditure Survey (CES), contains comprehensive expenditure data. Previously conducted once a decade, it now is conducted on a continuing basis, 20 percent of the sample being replaced each quarter. The 1980-81 data are available in microdata tapes and printed tables for both the interview survey and the diary survey. The interviews, conducted every 3 months for 5 collections, asked 5,000 respondents to recall major expenditures. The diary survey asked another 5,000 consumer units to record expenditures on frequently purchased small items for 2 weeks.

These two continuing surveys, SIPP and CES, and the ongoing Current Population Survey (CPS) provide much of the available national data on the economic status and trends of households. Adding to these are periodic and one-time studies such as the Survey of Consumer Finances, National Medical Care Utilization and Expenditure Survey, National Food Consumption Survey,

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[1] The use of the terms "microdata/summary data" is distinct from the use of the terms "microdata/macrodata" to describe household and aggregate data.

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Social Security New Beneficiary Survey, Residential Energy Consumption Survey, American Housing Survey, and others, many of which are described in the accompanying directory. Surveys on health, National Health Interview Survey (HIS) and National Health and Nutrition Examination Survey (HANES), and education, High School and Beyond (HS&B) and National Longitudinal Study of the High School Class of 1972 (NLS), are included in the Directory of Data Files because they provide data on human capital.

CONSIDERATIONS IN USE OF HOUSEHOLD SURVEY DATA

While many surveys make a contribution to the study of family economic well-being, it usually is difficult to compare or merge their results. For instance, SIPP, CES, and CPS all are representative of a national population and have data on income. However, the exact population represented and the definition of income vary among the three surveys. Thus, use and interpretation of survey data require attention to the survey design. What is the population and how is sampling done? What are the definitions of variables? How are weights applied? Are imputations and editing changes marked? Can waves be linked together to provide longitudinal data? A description of how these factors differ among surveys follows, including examples taken from surveys that are important to family economists--particularly, SIPP, CES, and CPS.

Units Included

Population and sample. CES, SIPP, and CPS have large samples (5,000 in the CES diary and 5,000 in the CES interview, 20,000 in each SIPP panel, and 60,000 in the CPS) and are collected on a continual basis. They are representative of the civilian, noninstitutional U.S. population. However, CES data represent only the urban population in 1981-84. Rural units were eliminated from the sample in October 1981, then reinstated in 1984. The populations are about 70 million consumer units for the 1980-81 CES surveys and 85 million households for the 1983 SIPP and CPS surveys.

Metro-nonmetro, farm-nonfarm, urban-rural. New definitions for metropolitan areas were established by the Office of Management and Budget in 1983. New statistical areas were established, many area titles were changed, and geographic boundaries were redefined, primarily on the basis of the 1980 Census. Previously, Standard Metropolitan Statistical Areas (SMSA) and Standard Consolidated Statistical Areas (SCSA) had been the categories. The new definition has three categories: Metropolitan Statistical Area (MSA), Primary Metropolitan Statistical Area (PMSA), and Consolidated Metropolitan Statistical Area (CMSA). An MSA is an urban area that meets specified size criteria; a PMSA is an urban area within a very large metropolitan area; a CMSA is a combination of contiguous metropolitan areas.

SIPP designations of metropolitan-nonmetropolitan are based on the 1980 Census definition of Metropolitan Statistical Areas. Each MSA has one or more central counties containing the area's main population concentration, an urban area of at least 50,000 inhabitants. Farm population refers to residents living on farms where sale of crops, livestock, and other agricultural products amounted to $1,000 or more during the previous 12 months.

CPS uses Standard Metropolitan Statistical Areas as defined by the 1970 Census, which defines an SMSA as a county or group of contiguous counties that contain at least one city (or twin cities) of 50,000 inhabitants or more. Contiguous counties are included if they are metropolitan in character and socially and economically integrated with the central city. In New England, SMSA's consist of towns and cities, rather than counties.

In CES, the urban population, as defined by BLS, comprises all persons living in SMSA's and in urbanized areas and urban places of 2,500 or more persons outside of SMSA's. Thus, households in the survey are classified as inside an SMSA or outside an SMSA.

Geographic regions. SIPP, CPS, and CES define geographic regions in the same way.[2] SIPP microdata tapes include codes for individual States and for MSA's and CMSA's. The State codes are included so that users can tabulate data by user-defined groupings of States. However, because estimates for individual States are subject to very high variance, analysis at this level is not recommended. The 1968-83 CPS microdata tape has (for all years since 1977) regions, all States and the District of Columbia, and 44 SMSA's.

Consumer unit, household, family. The microdata files of SIPP and CPS have three levels: Household, family, and person. A household consists of all persons who occupy a housing unit. Thus, a household could be a person living alone or a group of unrelated persons sharing a housing unit as partners, but not persons living in group quarters such as college dormitories or rooming and boarding houses. A family is a type of household consisting of two or more persons related by blood, marriage, or adoption, and residing together.

The basic reporting unit for CES is a consumer unit (CU). A CU consists of a family; or two or more persons living together who pool their income to make joint expenditure decisions; or a person living alone, sharing a household with others, or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is independent financially. To be considered financially independent, a respondent must provide two of three major expense categories--housing, food, and other living expenses. There are more CU's than households because a CU counts unrelated people who live together as separate units if they are financially independent.

Householder, reference person. SIPP, CES, and CPS follow the 1980 Census definition of householder or reference person, that is, the first person in whose name the home is owned or rented. If the home is owned jointly by a married couple, the first person listed by the respondent becomes the reference person. The term "head of household" no longer is used.

Variable Definitions

Race and origin. In SIPP and CPS, race may be white, black, or other. Origin, as identified by the respondent, is considered Spanish if the origin indicated is Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish origin, regardless of race. The CES asked for self-identification of race, and classified the responses into white; black; American Indian, Aleut, Eskimo; Asian or Pacific Islander; or other.

Employment. The CPS is the official source of labor force statistics, producing monthly statistics on unemployment and the labor force which are published by BLS as the household data section of its monthly bulletin, Employment and Earnings. The SIPP file also has labor force data. The SIPP data, however, can be analyzed with household characteristics, income, and program participation information; and the respondent's labor force activities can be followed over time.

Employment terms differ among SIPP, CPS, and CES. In SIPP, "with a job" includes those who were temporarily absent from a job because of layoff and those waiting to begin a new job in 30 days; whereas in CPS, those persons would be considered "unemployed". Also, CPS statistics cover both farm and nonfarm households, but the reported SIPP data are nonfarm only. CPS data are from the week that contains the 12th of the month, but SIPP data are from questions referring to individual weeks during the prior 4 months. The CES reports for each consumer unit member the number of weeks worked and the number of hours per week.

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[2] Northeast includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. Midwest (called North Central in the CES) is composed of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. South is Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Louisiana, Kentucky, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. West includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Occupation. SIPP occupation classifications are: Managerial and professional specialities; technical, sales, and administrative support; service; precision production, craft, and repair; and operators, fabricators, and laborers. These are the categories used in the 1980 Census and in the CPS household survey since 1983. They are sufficiently different from the 1970 Census classification system that incorporation of the new system into the CPS series containing occupational data was considered a break in the historical data series. Only about 35 percent of the occupational categories are directly or nearly comparable between the two systems. The diary CES uses the 1970 categories: Professional and technical; managers; clerical and sales; craftsmen and foremen, operative, laborers and service workers; and retirees. The SIPP microdata tape includes about 500 occupation codes based on the 1980 Census codes and classifications.

Income. CPS had been the primary source of household income data, but now the SIPP data provide comprehensive data on income. The CPS asks respondents in March to recall their income from the previous year, but people may forget some income, especially that which is not wage or salary. SIPP inquires about 50 or more types of income, transfer payments, and noncash benefits during each interview (every 4 months). Both SIPP and CPS exclude rebates, refunds, loans, capital gains, interest on IRA's, Keogh plans, and U.S. saving bonds. CPS excludes lump sum payments such as inheritence or insurance settlements that are included in SIPP.

The SIPP nonresponse rates for income questions are lower than CPS rates. Nonresponse in SIPP ranged from 3 percent for food stamp allotments to 13 percent for self-employment income. CPS nonresponses range from 9 percent for food stamp allotments to 24 percent for self-employment and income. Income reporting in CES is not as complete as SIPP and CPS. In CES, 16 percent of CU's in the interview survey and 23 percent in the diary survey are designated incomplete income reporters; that is, they did not report wages, salaries, self-employment income, or Social Security income. Even those who were considered complete income reporters may not have given a full accounting of income from all sources.

In published reports of the CPS and SIPP, both median and average income are presented. CES publications usually report average annual income before tax. Median income is lower than mean income because even though income seldom is less than zero, there is no similar upper limit to income. CES reports consumer unit income; CPS and SIPP provide income information for households, families, and persons. Median income for households is lower than median income for families.

Aggregate income data are published by the Bureau of Economic Analysis (BEA) in the personal income series of the National Income and Product Accounts (NIPA) and repeated in the Federal Reserve Board's Flow of Fund Accounts. The BEA average income figures represent income per capita (total income divided by total population including men, women, and children).

Expenditures. SIPP and CPS do not contain expenditure data. Both portions of CES provide detailed data on expenditures. The interview survey of CES provides data on expenditures that respondents can be expected to recall for as long as 3 months. Included are food, housing, apparel, transportation, health care, entertainment, personal care, reading, education, miscellaneous, cash contributions, personal insurance, and pensions. The CES diary survey obtains data on food at home and away, housekeeping supplies, nonprescription drugs, personal care, fuels, and utilities.

Another major source of expenditure data is the Personal Consumption Expenditures (PCE) component of NIPA. These estimates represent the market value of goods and services purchased by the entire personal sector in the United States. Because the PCE data are collected from establishments, they cannot be analyzed by characteristics of households. Comparisons between CES data and PCE data show the CES estimates to be lower than the PCE series for most consumption categories.

Data Processing

Weighting. Weights are calculated for each household in a sample to provide estimates for the U.S. population. Each survey has its own procedures for selecting and weighting the sample. Weighting in the CES surveys begins with the probability of selection of the consumer unit. Other factors are: A factor to adjust for subsampling in the field; a noninterview adjustment; and a national ratio-estimate adjustment for age, sex, and race to urban, civilian, noninstitutional population controls. The SIPP weights also begin with a base weight equal to the inverse of the household's probability of selection and has similiar adjustments. Factors include: A noninterview adjustment for persons who were eligible for the sample but not interviewed, adjustments so sample estimates agree with CPS estimates by type of householder, and an adjustment so that the husband and wife of a household receive the same weight. The SIPP weight estimation procedure resulted in persons' weights varying from about 500 to 50,000.

Imputations, allocations, and edits. When data are missing or responses are inconsistent, values may be imputed. CES diary tapes have imputed values for demographic characteristics and weeks worked when nonresponse is encountered, and imputation routines are used when there is clear evidence of invalid nonresponse, such as food expenditure without a description. CES interview tapes have data imputation routines for missing or invalid entries that affect all fields in the data base except income and assets. Missing or invalid attributes, as well as expenditures, are imputed. SIPP imputations replace missing data with a corresponding value from a housing unit or person having certain other characteristics in common with the unit or person. Both CES and SIPP files include flags for many variables to mark whether the data are reported or imputed for that household or person.

Allocations are made when responses are not specific. For example, when CES respondents report expenditures for fuel and utilities, rather than a specific type such as gasoline, the expenditures are allocated into components of the group. Editing is done to provide consistency with other information from the household. In the SIPP files, edits are not flagged but a code is provided so that the preedited or unedited value may be used.

Cross-sectional, longitudinal. Cross-sectional surveys provide data from one point in time, whereas longitudinal studies follow households or individuals across time. The CPS has been treated as cross-sectional data, consisting of a new set of data each month; however, it has a longitudinal dimension. The rotation pattern is for a household to be in the sample for 4 consecutive months, out for 8, and then back in for 4 more months, so that the labor market experience of individuals may be followed over a period of 16 months. Coding and processing improvements to take advantage of the longitudinal character of the CPS data base have been proposed.

CES interview data can be analyzed as cross-sectional or longitudinal data. The microdata tapes provide quarterly files so the expenditures and characteristics of consumer units can be followed over four quarters.

SIPP also provides both cross-sectional and longitudinal data. A core of demographic, income, and labor force questions are asked in each interview. These characteristics of individuals may be followed over 2-1/2 years by using a unique identification number that allows linking of information about an individual across files. SIPP longitudinal reports and public-use data files are planned but will require considerable preparation.

Longitudinal analysis requires new definitions, concepts, weighting, and imputation procedures. The definitions of household and family are more complicated in longitudinal studies because individuals enter and exit households or families. The universe is not fixed over time, so it must be defined as some particular point or a union or intersection of some set of cross-sectional universes. Weights are difficult to calculate since a slightly different set of people are interviewed each month. These and other issues are being addressed by SIPP reseachers as they prepare SIPP files for longitudinal analysis.

FORMS OF DATA

Availability of data in more mediums is increasing. Microdata are available on computer tapes or diskettes for personal computers (pc). Summary data are in the familiar published form but also are available in microfiche, on-line, tape, or pc diskettes. The following Directory of Data Files notes a few of these options. However, the full offerings are reported in the publications listed in the Directory of Catalogs (p. 11). Most agencies publish two catalogs: One for microdata tapes and diskettes and one for printed materials. The National Technical Information Service (NTIS), the Federal Government's primary depository for research and technical information, offers catalogs of database services and products in paper, film, and machine-readable formats.

A review of these Federal agency data catalogs suggests that microfiche and diskettes often are alternatives to printed tables. Microfiche may be less expensive to purchase than books and is less expensive to mail and to store. Depending on the reduction ratio, 98 to 420 images of 8-1/2" x 11" source material can be arranged on one 4" x 6" sheet. For example, the 1970 Census in print uses five file cabinets. The 1980 Census in microfiche takes only 5 linear feet of shelf space. As a result, researchers wishing to move toward a paper-free office are ordering summary data and reports in microfiche form and are putting their own computer outputs onto microfiche instead of paper.

Some persons with personal computers are moving directly from paper to diskettes. Diskette storage offers the additional advantages of mathmatical or other processing of data without reentering the values. For example, Consumer Price Index (CPI) data are available on diskettes or can be downloaded to a diskette from the on-line Cendata or from the Department of Commerce bulletin board. It then can be merged with other data on a diskette or uploaded to a mainframe for use in analysis. The Bureau of Census offers the popular County and City Data Book, the 1982 Census of Agriculture, and other data on diskette. NTIS offers food composition and other types of data on diskettes and is willing to put any of 1,000 microdata files they have onto diskette. Researchers using mainframes are holding the output, then downloading to a pc diskette, where the results can be printed, edited into tables or graphs for manuscripts, and stored more conveniently than computer printouts.

Other data bases that are rapidly becoming available in electronic rather than printed mediums are bibliographic data bases. These search systems have implications for family economists because developments in a field depend upon efficient review of work in the area. Since family economics incorporates concepts from many fields, reports are splintered among data bases and use a wide variety of keywords. To facilitate the search by others, research writers may wish to consider the data bases in which the publication is likely to be listed, then select keywords of titles with those particular data bases in mind.

DIRECTORY OF DATA FILES

Annual Housing Survey: 1983 (AHS)[3]
Census, $140/each tape[4]

The AHS is a survey of housing units, conducted by Census for the Department of Housing and Urban Development. Microdata from the national survey are on 1 to 3 tapes, depending on tape density (1600 bpi or 6250 bpi). Data from a separate survey of 44 selected standard metropolitan statistical areas (SMSA's) are on 3 to 8 reels, one tape per SMSA. A national longitudinal file for 1974 through 1981 is available. The 1985 survey will be called the American Housing Survey since data will be collected every other year instead of annually. Information includes characteristics of general housing, housing and neighborhood quality, recent mover households, urban and rural housing units, energy-related housing, and financial characteristics. Publications of summary statistics are Current Housing Reports Series H-150-83, Parts A-F.

Census of Population and Housing (1980)
Economic and Agriculture Censuses (1982)
Census, $12-$60/diskette; $140/each tape

Census data are available in many forms including 5-1/4 inch flexible diskettes for an IBM/PC. The diskettes, corresponding to the 1983 County and City Data, provide data from the 1980 Census of Population and Housing, 1977 Economic Censuses, 1978 Census of Agriculture, and other sources. Prices are $60 for the first diskette and $12 for each additional diskette. The complete package for all county, city, and place data costs $444. Subjects on the county disks include population characteristics, vital statistics, housing units, journey to work, education, employment, and income. City disks have similar data. Summary data files from the 1982 Economic and Agriculture Censuses are available on tape at $140 per reel. Population and housing data are available on-line to subscribers.

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[3] See Directory of Catalogs (p. 11) for address and telephone information.

[4] Tapes are 6250 bpi or 1600 bpi. Prices listed in the directory are for 6250 bpi tapes.

Consumer Expenditure Survey, 1980-81: Diary and Interview (CES)
BLS, $105/diary tape, $130/interview

There are two separate consumer expenditure surveys--an interview panel survey and a diary survey. Each has its own questions and own sample of about 5,000 urban consumer units. The interview survey obtains information in five interviews conducted every 3 months, whereas the diary survey has record keeping for two consecutive 1-week periods. The interview provides data on large expenditures such as automobiles and major appliances or recurring expenses such as rent and insurance premiums, estimated to be 95 percent of a household's expenditures. The diary survey records data on food, nonprescription drugs, household supplies, and personal care items. Both surveys collect income data and demographic characteristics.

Expenditure data have been collected since 1888 for various purposes, including construction of market baskets used in the Consumer Price Index. Previous surveys have been conducted about every 10 years (including 1960-61, 1972-73) but surveys now are continual. The 1980-81 microdata tapes are available, and subsequent years will be forthcoming. Published reports include BLS Bulletin 2173 on the diary data and BLS 2225 on the interview data.

Current Population Survey (CPS)
Census, $140/each tape

The CPS is a continuous, monthly survey of 60,000 households. Data are published in BLS Employment and Earnings and Bureau of Census Current Population Reports--Population Characteristics (P-20), Income of Families and Persons (P-60), Farm Population (P-27), Estimates of U.S. Population (P-25), and Special Reports (P-23). Microdata tapes have data for the Nation, regions, census divisions, States, and 44 SMSA's. Files containing basic and supplemental data are available for each month, and there are files on special topics (for example, noncash benefits, child support payments, and migration).

Flow of Funds
FRB, free if blank tape provided

The complete set of accounts are available on tape, from 1952 for quarterly tables and 1946 for annual tables. Published summary statistics are available monthly. Flow of Fund accounts include the household sector with data for personal income, saving, investment, liabilities, and consumer durables. The household sector estimates are almost entirely residual, derived from data for other sectors (corporate business, government, and financial institutions). That is, the data are provided from reports by other parties to the transactions, not by the households.

High School and Beyond (HS&B)
NCES, 7 files, $180/each tape (raw), $200/each tape (SAS)

The HS&B study is a nationally representative sample of sophomores and seniors in public and private high schools in 1980 with followups in 1982 and 1984. Its primary purpose is to obtain information on the educational and occupational plans of young people. The student file contains over 600 variables on 58,000 student respondents. The school file has over 200 variables on the 988 sample respondents. Student variables include background, education, work experience, postsecondary plans, aspirations, and cognitive test scores. School variables include enrollment, instructional programs, funding sources, discipline problems, and grading systems. Also available are a parents file, twin and sibling file, friends file, language file, and teacher comments file.

The HS&B is similiar to the National Longitudinal Study of the High School Class of 1972 (NLS) (see p. 9) in many aspects of the questionnaires and cognitive tests, which allows interstudy comparisons. The two studies differ in that the HS&B study surveys parents and teachers and it includes sophomores as well as seniors.

Household Transportation Panel
EIA, $140/each tape

This transportation panel study records gasoline purchases by month by a national sample of households for June 1979 to September 1981. It is part of a series on household vehicle fuel consumption. Data include number and type of vehicles, quantity and cost of fuel purchases, and miles driven each month.

Labstat
BLS, $85-$200/each tape

This is a data base composed of several separate files that consists primarily of time series data. A series refers to a discrete variable for which observations are available over regular time intervals (usually monthly). The Labstat data base includes over 100,000 series, distributed among almost 20 data files including: Consumer Price Index; labor force; unemployment; employment, hours, and earnings; imports by tariff and industrial commodity classes; and indexes of employer compensation costs. For example, the CPI file has U.S. average CPI-W and CPI-U for 357 consumer items and group of items. The indexes are monthly, with some beginning in 1913. CPI indexes are available for areas, regions, and city sizes. The labor force file has macrodata on employment and unemployment since 1948. Individual records on labor force participation are available since 1976. BLS monthly publications of such data include: CPI Detailed Report, Employment and Earnings, and Monthly Labor Review.

National Food Consumption Survey 1977-78 (NFCS)
HNIS, $140-$465/each tape

The NFCS provides data on the kind, quantity, and money value of food consumed by households and individuals. Information was collected from about 15,000 households and 34,000 individuals from these households in 48 States. Five supplemental surveys were: Households in which at least one member was older than 64 years of age; households with members eligible for the Food Stamp Program; and households in Puerto Rico, Alaska, and Hawaii, respectively. Published reports are available for food or nutrient intakes of individuals and food consumption of households by region. Microdata tapes are available for household or individual by season of the year, and for low-income households and elderly households. This is the sixth food consumption survey conducted on a nationwide scale (1936, 1942, 1948, 1955, 1965-66, 1977-78). A new survey, the Continuing Survey of Food Intakes by Individuals, is being conducted. It has the basic features of the individual intake component of the NFCS and will complement it, but the new survey will be conducted annually so it will provide continuous, up-to-date information of food consumption practices and dietary adequacy of the population. The 1985 survey has a nationally representative sample of women who are 19 through 50 years of age, of all children of those women who are 1 through 5 years of age, and a sample of low-income women and their preschool children. New samples will be selected each year. Data are from six 24-hour recalls of food intake for each respondent over a 1-year period. Data include kind and quantity of food, source (home, school, and so forth), eating occasion, and general questions about diet and health. Nutrient data will be available for 14 nutrients and dietary constituents.

National Health and Nutrition Examination Survey (HANES)
NCHS, $125-$305/each tape

HANES is a continuing national study based on physical examinations (including laboratory procedures), medical history, and standardized tests from a sample of 30,000 people ages 1 to 74. These are conducted in

2- to 4-year cycles in mobile examination centers. The survey began in 1959 and expanded in 1970 when nutrition questions were added. Data include prevalence of chronic diseases; blood pressure, cholesterol, and visual acuity; and nutritional status and deficiencies. Findings are published in Series 11 of the Vital and Health Statistics series.

National Health Interview Survey (HIS)
NCHS, $425/each annual tape

HIS is a continuing national household interview survey of the civilian noninstitutionalized U.S. population. The survey has been conducted since 1957, and tapes are available for each year since 1977. Interviews are conducted in about 42,000 households. Data include incidence of illness and injury, disability, physician and dental visits, hospitalizations, and demographic and socioeconomic characteristics. Reports are published in Series 10 of Vital and Health Statistics.

National Income and Product Accounts (NIPA)
Personal Consumption Expenditures, 1959-present (PCE)
BEA, $150/each tape

Component series of the NIPA include the Gross National Product (personal consumption expenditures, investments, inventories, exports, and government purchases), national income, and personal income. The NIPA tape, updated monthly, has the latest estimates for the series published monthly in the Survey of Current Business. The PCE tape has monthly estimates of personal consumption expenditures by type of expenditure. Estimates are in current and 1972 dollars. These data are obtained from a census of manufacturers and a variety of other sources, not including households or individuals.

National Longitudinal Study of the High School Class of 1972 (NLS)
NCES, $180 (raw), $200 (SAS)

NLS studied the education and vocational activities of young adults. A nationally representative sample of over 23,000 high school seniors were interviewed in 1972, and four followup surveys ensued in 1973, 1974, 1976, and 1979-80. The High School and Beyond study, begun in 1980, had similar objectives. The NLS provides detail on education, employment, family-related outcomes, and other aspects such as military service, political participation, and life goals. Published reports are available from NCES.

National Medical Care Utilization and Expenditure Survey (NMCUES)
NCHS, $425/tape.

NMCUES provides estimates of the utilization of and expenditures for medical care, health insurance coverage, and amounts paid by insurers for health care. About 6,000 persons were included in the national household sample and about 4,000 persons were in a four-state medicaid sample (California, Michigan, Texas, and New York). The same questionnaire was used for the two samples. Information for all family members was collected from a single household respondent through five interviews about 3 months apart. Medicare and medicaid records were obtained for persons in interviewed households reported to be covered. Data in the national household sample complement data collected in the National Health Interview Survey and can be compared to the 1977 National Medical Care Expenditure Survey. Data on the cost, source and amount of payment, and public and private insurance coverage are available, as are person and family characteristics. Information includes expenditures on dental care, emergency room visits, outpatient and inpatient hospital stays, and prescription and nonprescription medicine. Published reports are a series of methodological reports, descriptive reports, and preliminary data.

National Survey of Family Growth: 1982-83
NCHS, $125/each tape

This survey is third in a series on topics related to childbearing and related aspects of maternal and child health. A nationwide probability sample of 8,000 women 15 to 44 years of age were interviewed. Variables include socioeconomic characteristics of each woman, her husband (if married), and parents; family planning practices; and marital history. Reports based on this data and the 1973 and 1976 surveys are in Series 23 of Vital and Health Statistics.

New Beneficiary Survey: 1982
SSA

This is a national sample of people who began receiving Social Security benefits between mid-1980 and mid-1981. Interviews of 18,600 persons provide data on employment history, health, marital history, and income from earnings, pensions, and other sources. Microdata tapes are available and reports are published in the Social Security Bulletin.

Residential Energy Consumption Survey
EIA, $140/each tape

The 1981-82 survey file (the fifth in a series) has 6,000 sample households representative of the contiguous United States. Variables include housing unit characteristics, annualized fuel consumption and expenditures, weather variables, and marginal electricity rates. The tape has the survey data, an SPSS file program, and a Table Producing Language (TPL) file program. A published report is available.

Retirement History Study
SSA

This longitudinal study, conducted in odd-numbered years from 1969 to 1979, interviewed 11,000 people who were 58 to 63 years old. Data include health, living arrangements, financial resources and assets, expenditures, leisure activities, retirement plans, travel, life satisfaction, work history of self and spouse, and family composition. The responses to the series of surveys have been merged onto one file. The Social Security Bulletin includes published reports.

Survey of Income and Program Participation (SIPP)
Census, $140/each tape

The SIPP is a new continuing survey designed to collect data on income, labor force experience, and participation in major government programs. In addition to these core quarterly questions, there are annual data on assets and liabilities, and one-time data on marital history, migration, education, disability, and work history. SIPP data will be used to measure income distribution and poverty, estimate future costs and coverage of Federal and State aid programs, and predict effects of proposed changes in program eligibility rules or benefit levels.

Each of the 20,000 households in the sample is interviewed at 4-month intervals over a period of 2-1/2 years that began in October 1983. Each 4-month cycle is a wave. New panels of 20,000 will be introduced each year; thus, SIPP's sample size will grow as panels overlap. Data are available in three forms: Quarterly statistical reports (Current Population Reports P-70 series), microfiche of these reports, and microdata tapes containing person, family, and household records for one wave. The tapes have cross-sectional, quarterly files but may be matched across waves to create longitudinal files. A rectangular file for Wave 1 is available on two reels at 6250 bpi.

The research and development phase of SIPP was the Income Survey Development Program (ISDP). It was a nationally representative sample of 8,200 households, interviewed six times beginning in 1979, which provided information on income and wealth. Those data tapes are available from National Technical Information Service. A data management system, custom reports, or tape extracts are available from private firms.

Survey of Consumer Finances
NTIS, $140/tape

The Federal Reserve Board, U.S. Department of Health and Human Services, and five other agencies conducted the 1983 Survey of Consumer Finances. That survey, consisting of a sample of 3,824 families, provides information on the distribution of assets and liabilities among families with various characteristics, use of financial services, reaction to consumer credit regulations, and consumer pension rights and benefits. A series of reports are published in the Federal Reserve Bulletin, and a microdata tape is available.

DIRECTORY OF CATALOGS[5]

Bureau of the Census
U.S. Department of Commerce
Customer Services
Data User Services Division
Washington, DC 20233
301-763-4100

- Census Catalog and Guide: 1985
  Description of publications, computer tapes, and microfiche.
  $13, GPO, Stock No. 003-024-06331-0
- Data User News
  Monthly newsletter on new products, plans, and services. $21/yr, GPO
- Directory of Data Files
  Abstracts of data files (summary statistics, microdata) and software issued through 1983. $11, Census Customer Services
- Factfinder for the Nation No. 5, Reference Sources
  List of guides, directories, catalogs, and indexes to Census Bureau statistics.
- Monthly Product Announcement
  Monthly list of new Census products.

Bureau of Economic Analysis (BEA)
U.S. Department of Commerce
1401 K Street NW.
Washington, DC 20230
202-523-0777

- BEA Catalog of Publications and Computer Tapes
  List of periodicals, working papers and computer tapes (for example, National Income and Product Accounts (NIPA).

Bureau of Labor Statistics (BLS)
U.S. Department of Labor
Office of Publications
Washington, DC 20212
202-523-1221

- BLS Machine-Readable Data and Tabulating Routines (Report 620)
  Abstracts of statistical series and surveys (for example, CPI, CES) available in machine-readable form.
- Current BLS Publications
  Description of selected publications.
- Data Files on Tapes
  Brief listing of major data series.
- How to get Information from the Bureau of Labor Statistics
  Summary of BLS information and where to find it (publications, electronic news service, mailgram, magnetic tapes, and telephone summary).

Energy Information Administration (EIA)
U.S. Department of Energy
Forrestal Building, Room 1F-048
1000 Independence Avenue SW.
Washington, DC. 20585
202-252-8800

- EIA Publications Directory 1984: A Users Guide
  List of publications, microfiche, and data files.
- Statistical Data Files from the Energy Information Administration
  Description of data files (for example, Residential Energy Consumption and Expenditures)

Economic Research Service (ERS)
U.S. Department of Agriculture
1301 New York Avenue NW., Room 208
Washington, DC 20005-4788
202-786-1515

- ERS Reports
  Abstracts of periodicals and reports.

Federal Reserve Board (FRB)
Publications Services
Washington, DC 20551
202-452-3244

- Public Information Materials
  Abstracts of publications on FRB statistics (for example, Flow of Funds).

Food and Nutrition Service (FNS)
U.S. Department of Agriculture
3101 Park Center Drive
Alexandria, VA 22302
703-756-3284

- Publications of the Food and Nutrition Service
  List of publications on food assistance programs.

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[5] Free unless a price is stated.

Human Nutrition Information Service (HNIS)
U.S. Department of Agriculture
Federal Building, Room 368
Hyattsville, MD 20782
301-436-8617

- Machine Readable Data Sets on Composition of Foods and Results From Food Consumption Surveys
  Description of tapes (food composition and consumption) and diskettes (nutrient values).
- Publications List
  List of publications (for example, National Food Consumption Survey 1977-78 (NFCS) reports).

National Center for Education Statistics (NCES)
U.S. Department of Education
Statistical Information Office
1200 19th Street NW., Room 418
Washington, DC 20208-1402
202-254-6057

- Selected Publications From NCES
  Description of reports, bulletins on education statistics.

National Center for Health Statistics (NCHS)
U.S. Department of Health and Human Services
Scientific and Technical Information Branch
Division of Data Services
3700 East-West Highway, Room 157
Hyattsville, MD 20782
301-436-8500

- Catalog of Public Use Data Tapes From the National Center for Health Statistics
  Description of over 100 data tapes (for example, National Medical Care and Utilization Survey).
- Catalog of Publications of the National Center for Health Statistics 1979-83
  List of publications, reports, and an index to selected health topics.

National Technical Information Service (NTIS)
U.S. Department of Commerce
5285 Port Royal Road
Springfield, VA 22161
703-487-4600

- Data Base Services and Federal Technology in Machine-Readable Formats, PR-595
  Explanation of NTIS machine-readable information products and services.
- General Catalog of Information Services No. 9, PR-154
  Overview of NTIS services and products (research and technical information available in paper, film, and machine-readable formats).
- NTIS Data Files, PR-700
  List of computerized data files (for example, Household Pension Survey).

Social Security Administration (SSA)
U.S. Department of Health and Human Services
Office of Research, Statistics and International Policy
1875 Connecticut Avenue NW.
Washington, DC 20009
202-673-5579

- ORSIP Publications Catalog--1986
  List of publications of statistical compilations and research studies; microdata files (for example, Retirement History Study).

Statistics of Income Division (SOI) D:R:S
Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Avenue NW.
Washington, DC 20224
202-376-0102

- SOI Publications and Other Information Available
  List of publications (on statistics of income, individual tax returns) and public-use tape files (on estate tax returns, migrations, and individual income tax returns by State and county).

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402
202-783-3238

Terms, Concepts, and Acronyms in Family Financial Planning

By Joyce M. Pitts
Home economist

Recent laws and technologies have produced additions to our financial language. New terms (and new uses for old terms) have originated from such events as deregulation of financial institutions and development of creative mortgages. This paper explains some of these terms in brief, nontechnical definitions. It is divided into three subject areas: (1) Economic issues, (2) financial institutions and instruments, and (3) mortgages and consumer credit.

ECONOMIC ISSUES

We are facing an era of growing economic and financial complexity. Consumers need to know how to interpret the signals that economic indicators give, how economic trends and policies can affect financial goals, and how to make financial decisions based on economic conditions. Understanding the following terms and concepts will aid consumers in interpreting economic issues.

Indicators

Index of Leading Economic Indicators. Economic indicators generally are divided into three groups, depending on whether their turning points lead, lag, or coincide with the turning points in the business cycle.[1] Leading indicators generally have turning points that precede peaks and troughs in general business activites. The Index of Leading Economic Indicators is one of three composite indexes computed monthly by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). It is a summary of several time-series measurements including: The average workweek of production employees, the index of stock prices, the index of new building permits, the percent change in sensitive prices, and the money supply (table 1). BEA uses data from many sources to construct composite indicators. For example, they receive data on the average workweek from the U.S. Department of Labor, stock prices from Standard and Poor's Corporation, and the money supply from the Board of Governors of the Federal Reserve System (Federal Reserve). Initial releases of the Index of Leading Economic Indicators reflect a summary of 10 time series with updates that include all 12 of the series. This composite often is used as an aid in the interpretation and prediction of business activities. It generally is thought that 3 consecutive months of decreases in the index signals a recession. However, such trends sometimes have only reflected a temporary slowdown in the rate of expansion.

Index of Coincident Economic Indicators. Coincident indicators, also called roughly coincident indicators, have peaks and troughs that roughly parallel those in general business activities. Examples include: Personal income, industrial production, nonagricultural employment, and manufacturing and trade sales. The composite Index of Coincident Economic Indicators often is used as an indication of current economic conditions (table 1).

Index of Lagging Economic Indicators. Lagging indicators generally have peaks and troughs that follow turning points in general business activities. Examples include: Business loans outstanding, prime rates, and the length of unemployment. The composite index of lagging economic indicators is a summary measure that includes six of these indicators (table 1). This index usually moves in the opposite direction from the index of leading economic indicators.

Level of employment. The U.S. Department of Labor, Bureau of Labor Statistics (BLS), has two methods of measuring employment. The Current Population Survey (CPS) gathers household data, whereas the Current Employment Statistics Survey (CESS) gathers payroll data through State agencies. The CPS, referred to as the household survey, provides information on the number in the labor force, total employment, and unemployment rates. The CESS, referred to as the establishment survey, gives information on employment, hours, and earnings of workers on nonagricultural payrolls (table 2).

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[1] The economy historically has exhibited alternating and recurring phases of expansion and contraction, also called peaks and troughs. During the expansion phase there is a rise in business activity; during the contraction phase there is a decline. In between the two is the turning point. This whole process is known as the business cycle.

Unemployment rate. Unemployment rates are released monthly by BLS and reflect the percentage of unemployed persons in the the labor force, based on the CPS. Persons are considered unemployed if they had no employment during the survey week, were laid off, or had made no attempt to find employment during the 4 weeks prior to the survey (table 2).

Consumer Price Index (CPI). The CPI, also released monthly by BLS, is a measure of the average change in prices of a fixed market basket of goods and services and often is used as a measure of inflation. Prices are included for food, clothing, shelter, fuels, transportation costs, doctors' and dentists' charges, drugs, and other goods and services required for day-to-day living. The CPI-U is determined by expenditure patterns of urban households and the CPI-W looks at those for urban wage-earner and clerical-worker households. The CPI often is used to make cost-of-living adjustments (COLA) to wages and retirement benefits.[2]

Table 1. *Components of the composite indexes of economic indicators*

Index of Leading Economic Indicators	Index of Coincident Economic Indicators	Index of Lagging Economic Indicators
Average workweek, production workers, manufacturing. Average weekly initial claims for State unemployment insurance. Manufacturers' new orders, consumer goods and materials in 1972 dollars. Index of net business formation. Index of stock prices, 500 common stocks. Contracts and orders for plant and equipment in 1972 dollars. Index of new housing authorized by local building permits. Vender performance, percent of companies reporting slower deliveries. Net change in manufacturing and trade inventories on hand and on order in 1972 dollars. Percent change in sensitive materials prices. Money supply, M2 in 1972 dollars. Change in business and consumer credit outstanding.	Employees on non-agricultural payroll. Index of industrial production. Personal income less transfer payments in 1972 dollars. Manufacturing and trade sales in 1972 dollars.	Index of labor costs per unit output, manufacturing. Ratio, manufacturing and trade inventories to sales in 1972 dollars. Average duration of unemployment in weeks. Ratio, consumer installment credit outstanding to personal income. Commercial and industrial loans outstanding in 1972 dollars. Average prime rate charged by banks.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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[2] For additional information on the CPI, see "Two measures of inflation: The Consumer Price Index and the Personal Consumption Expenditure Implicit Price Deflator," by Frankie N. Schwenk, Family Economics Review, Winter 1981, pp. 13-18. Also see "Revision of the Consumer Price Index in 1987" on p. 22 of this issue.

Producer Price Index (PPI). The PPI is a measure of price levels and price changes for goods at various stages of production--crude, intermediate, and finished. Included are all commodities produced in the manufacturing, agricultural, forestry, fishing, mining, and public utilities sectors. Commodities such as farm products, textiles, chemicals, lumber, machinery, food, automobiles, jewelry, furniture, and other goods are included. Movement in the PPI may be reflected later in consumer prices.

Policies[3]

Fiscal policy. Fiscal policies are various activities used by the Administration and Congress to alter Government revenue and expenditures, thus influencing total spending in the economy. Total spending can be

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[3] Certain policy actions implemented by the Government sometimes are referred to as stabilization policies. The purpose of stabilization is to reduce disturbances such as inflation and unemployment in economic activity. Fiscal and monetary policies are stabilization techniques. For additional information on Government policies, see Federal Tax Policy, 4th edition, by Joseph A. Pechman, 1983, The Brookings Institution, Washington, DC.

Table 2. *Major indicators of employment and unemployment, seasonally adjusted*[1]

Category	Quarterly averages	
	1984 4th quarter	1985 1st quarter
Household data (thousands of persons):[2]		
Labor force	115,885	116,858
Total employment	107,652	108,432
Not in labor force	62,948	62,364
Discouraged workers	1,303	1,253
Unemployment rates (percent of the labor force)--all workers	7.1	7.2
Establishment data (thousands of jobs):		
Nonfarm payroll employment	95,849	96,640
Average weekly hours (hours of work)--total private nonfarm	35.2	35.1

[1] Seasonal adjustment is a statistical method used to remove the affects of changes in the calendar from time series. When looking at general trends, seasonally adjusted numbers usually are used because they eliminate the effects of weather patterns, regular production and marketing cycles, seasonal discounts, and holidays from the data, thus more clearly revealing underlying trends.

[2] Includes the resident Armed Forces.

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1985, The employment situation: May 1985, News, USDL No. 85-235.

adjusted directly by increasing or decreasing Government spending and indirectly by increasing or decreasing taxes. For example, taxes sometimes are cut so that more money in the marketplace will rejuvenate sluggish business activities.

Tax base broadening. A tax base is an object that is subject to taxation, such as income, property, or inheritance. Tax base broadening is a fiscal policy technique that finds new sources to tax or increases the proportion of taxation on certain objects. Methods of broadening the tax base include eliminating specific deductions or allowing fewer exemptions.

Monetary policy. Monetary policies are activities used by the Administration and the Federal Reserve to adjust the availability and cost of money and credit. By controlling the amount of money in circulation, the Government can indirectly increase or decrease the level of economic activity. Techniques of monetary control include: Open-market operations (purchases and sale of Government securities in the open market), discount policy (extending credit directly to depository institutions), and reserve requirements (the amount institutions must hold against customer deposits).

Money supply. Money supply, or money stock, represents a summary measure of the amount of money held by the public and is used as a monetary policy guide. M1 is the sum of all currency and coin outside Treasury, Reserve, and commercial banks, plus travelers checks, demand deposits, and other checkable deposits, such as NOW (negotiable order of withdrawal) and ATS (automatic transfer service) accounts and credit union share drafts. M2 equals M1, plus savings accounts, small-denomination time deposits, money market mutual fund shares, overnight Eurodollars (U.S. dollars at banks outside of the United States), and repurchase agreements. M3 equals M2, plus large-denomination time deposits and other investments. If the money stock increases too rapidly, the Federal Reserve can use one of its monetary policy techniques (such as increasing reserves to slow growth) in an effort to control inflation.

Industrial policy. Industrial policy involves certain activities aimed at adjusting industrial output. A government might encourage new high-technology industries, assist old industries to regain strength, or attempt to prevent a decline in selected industries. The United States does not have a formal industrial policy. However, certain fiscal and trade policies--such as subsidies for exports, import quotas, and embargos--do have a direct affect on industrial output.

International trade policy. International trade policy involves activities by the Government to control exports and imports. Trade policies attempt to balance the advantages of free trade (such as increased competition, resulting in lower prices) with those of trade restrictions (such as increased demand for American-made products). There has been growing debate lately on adoption of a "protectionism" trade policy that would impose strict quotas on foreign shipments, thus protecting domestic companies.

Balance of payments. The balance of payments represents all payments between trading nations. This includes payments for foreign investments, foreign aid, and imports and exports. The balance of trade is the import/export portion of the balance of payments. Countries aim for a certain balance between what they pay out for imports and what they take in for exports. The United States has a trade deficit, importing in excess of $100 billion more per year than exporting.

Exchange rate. The exchange rate represents the value of one nation's currency in relation to that of other countries. Recently the U.S. dollar has had a high exchange rate relative to the currencies of its trading partners. This has had both good and bad results. For example, the strong dollar assisted in the economic recovery by reducing import prices, thus requiring U.S. firms to keep prices low in order to compete; however, it also reduced the competitive position of U.S. companies in the international marketplace, contributing to the Nation's trade deficit.

FINANCIAL INSTITUTIONS AND INSTRUMENTS

The Electronic Funds Transfer (EFT) Act and the Depository Institutions Deregulation and Monetary Control Act of 1980 (MCA) make important changes in the banking system and include some new financial terms, concepts, and acronyms. The EFT Act[4] regulates computer banking. It authorzies the use of automated teller machines (ATM), point-of-sale (POS) terminals, preauthorized payments, and telephone transfer service (TTS); and sets limits to customers' liability for unauthorized use of debit cards.[5] Title II of MCA called for a phasing out of interest rate ceilings to promote greater competition, less regulation, and greater efficiency in banking and related financial services. It also reduced regulatory barriers that prevented competition among various types of financial institutions, by expanding the lending options of thrift instutitions and by permitting wider use of interest-earning checking accounts.

Financial Institutions

Banks. Commercial banks engage in a variety of financial activities and services involving receiving, transferring, lending, and investing money. They accept deposits from individuals and businesses for saving, checking, and investment accounts; are owned by stockholders; and operate for a profit.

Thrift institutions. Thrift institutions, sometimes referred to as noncommercial banks, include savings and loan associations and mutual savings banks. In the past, thrifts primarily handled savings from individuals and invested in mortgages. Historically, they have been sensitive to changes in interest rates, and suffered widespread losses when rates reached high levels. However, steps have been taken recently to allow these institutions to attract more business through new instruments and deregulation.[6]

Financial supermarket. Financial supermarkets allow one-stop shopping for financial services. Certain banks, brokerage houses, insurance companies, and stores will manage a customer's total finances. Services typically offered include: Free checking, low-interest-rate loans, credit and debit cards, discounts on security transactions, income tax preparation, real estate assistance, and a single statement detailing all monthly activities.[7]

Financial Instruments[8]

Bonds. A bond is a fixed-income security that represents a loan to the bond issuer. The bondholder usually receives semi-annual interest at a predetermined yield and repayment of principal on a given date. Corporate bonds are issued by private companies and may be backed by collateral. Municipal bonds are backed by specific revenues and are exempt from Federal income taxes and from State taxes in the State in which they were issued.

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[4] For additional information of EFT, see "EFTS--Electronic funds transfer systems," by Cynthia L. Jennings, Family Economics Review, Winter 1980, pp. 9-13; "Electronic funds transfer," Family Economics Review, 1984(1):6; and "Costs and benefits of the Electronic Fund Transfer Act," Family Economics Review 1985(4):22.

[5] A debit card resembles a credit card and is sometimes referred to as an access card. It is electronically read and immediately deducts the amount of a purchase or withdrawal from the customer's account. This process eliminates much of the paperwork associated with the traditional check-writing process and also allows various other banking functions (such as deposits and balance verifications) to be performed by computer.

[6] Credit unions also are a segment of the thrift industry.

[7] For additional information on financial supermarkets, see "A buyers guide to the financial supermarkets," by William G. Flanagan and Janet Bamford, Fordes, August 1, 1983, pp. 144-149; "Best buys in the financial supermarket," by Martin Baron, 50 Plus, June 1983, pp. 42-45; and "Checking out the financial supermarkets," Money 12(5):141-147.

[8] Before selecting any particular investment instrument, individuals may want to get a copy of the prospectus for that investment. A prospectus is an official document required by law to be distributed by a company planning to issue securities to the general public. It provides information on the company's investment objectives, the amount of sales charges, procedures for redeeming shares, and risks involved in investing in that particular company.

Certificate of Deposit (CD). A CD is a time deposit that cannot be withdrawn without penalty before a specified maturity date. On January 1, 1985, the minimum deposit for 7- to 31-day accounts was reduced from $2,500 to $1,000. There is no minimum deposit required by law in accounts with maturities more than 31 days. However, individual financial institutions may have their own minimum deposit requirements.

Limited partnership. A limited partnership is group ownership of a variety of properties. Income is earned through dividends and appreciation. Tax-benefits from interest, property taxes, and capital losses are passed on to investors. Money, however, is usually tied up until the properties are sold and the partnership is liquidated.

Money Market Deposit Account (MMDA). MMDA's were authorized to enable banks and thrift institutions to compete with money market mutual funds. These interest-bearing instruments are insured and offer limited transaction privileges, such as check writing.

Mutual fund. Mutual funds are pooled investments that are professionally managed. A money market fund (MMF) is a mutual fund that typically invests in short-term securities, such as Treasury bills, and large denomination certificates of deposits. Mutual funds are not insured.

Real estate investment trusts (REITS). REITS are professionally managed investment accounts similar to mutual funds. Dividends are from rental incomes received from various real estate properties. These trusts are bought, sold, and traded daily on the open market.

Receivables-backed securities. There is a growing trend on Wall Street to offer securities that are backed by a range of consumer and commerical loans. Certificates of automobile receivables (CAR), for example, offer ownership in a pool of car loans. Cash flow from the loans is collected by the investment firm and goes to investors. Theoretically, loans could be backed by any collateralized loan.[9]

Stock. Stock is ownership interest in a corporation, entitling the stockholder to a part of the corporation's earnings (dividends). The value of common stock increases or decreases primarily according to the performance level of the company. Perferred stock pays fixed dividends that often are higher than for common stock in the same company. However, perferred stock does not usually increase in value.

Treasury securities. The U.S. Treasury issues bills, bonds, and notes. Each is sold at a discounted face amount, cashed in for full face value at maturity, and traded on the open market. Bills, whose minimum denomination is $10,000, mature in a year or less. Bonds are available in denominations of $1,000 with maturities from 10 to 30 years. Notes can be puchased in denominations of $1,000 with maturities from 1 to 10 years. Teasury bill interest rates are a basic indicator of the price the U.S. Government must pay to obtain money. Costs of other instruments tend to be scaled upward from this rate. Lenders often use Treasury bill rates to decide when to raise or lower interest rates on adjustable-rate loans.

Unit investment trusts. Unit investment trusts are professionally managed investments in a variety of instruments, such as tax-exempt or corporate bonds and stock. They offer a fixed-interest income and can be redeemed through the trust or sold through a broker. Trusts disband and pay off investors after the majority of the investments have been redeemed. This could be in 6 months if investments were in certificates of deposit, or in 20 to 30 years if investments were in corporate or municipal bonds.

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[9] For additional information on CAR's, see "Security backed by car loans is part of trend that may lead to lower consumer loan rates," by Ann Monroe, The Wall Street Journal, February 11, 1985, p. 4.

Universal life insurance. Universal life is an insurance/investment policy that has several built-in flexibilities. The policy holder can pay the premium at almost any time in virtually any amount and, also, can change the death benefit. The cash value of the policy increases to reflect interest earned on short-term investments purchased with part of the premium.

Variable-annuity insurance. Variable annuities use premiums to purchase a portfolio of securities. At retirement the assets are converted into annuity payments that vary with the yield on the portfolio.

Zero-coupon bonds. Zero-coupon bonds are corporate or government issued, sold at deep discounts from face value, and pay no interest until maturity. These bonds are taxed, however, as if interest had been received, unless they are protected in a tax-sheltered retirement plan.

MORTGAGES AND CONSUMER CREDIT

During the years of high rates of inflation, many financial institutions were put in an unfortunate position--paying out high and varying amounts on customer's market-rate-based savings accounts while taking in fixed amounts from old, low-interest-rate loans and mortgages. To correct the situation, banks and thrifts began offering loans and mortgages that also were tied to market conditions. These variable-rate loans enabled the institutions to pass some of the risk against high inflation on to consumers. Inflation has eased, and interest rates on loans and savings accounts are lower and more stable. However, the past era has left new credit options. The following terms and concepts are related to mortgages and consumer credit.

Mortgages

Alternative mortgage instruments (AMI). AMI's are various mortgage plans that modify the basic characteristics of the standard, fixed-rate, level-payment mortgage. They require the borrower to share some of the risk of increasing interest rates.[10]

Bridge loan. A bridge loan is a temporary, short-term loan, typically for about 6 months, that allows a purchaser to go to closing on a new home before the old one is sold. The bridge loan is made against the equity in the purchaser's old house and includes a balloon payment of principal and interest that comes due at the end of the term or at settlement on the sale of the old house, whichever comes first.[11]

Creative financing. Creative financing is a method of purchasing property, usually including an assumable, low-rate existing mortgage and some financial assistance from the seller on a short-term or long-term basis (such as acting as lender). Each transaction is adjusted to meet the specific needs of the particular seller and purchaser.[12]

Secondary mortgage markets. Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Government National Mortgage Association (Ginnie Mae) are secondary mortgage markets. They buy residential mortgages from lenders, who continue to handle the individual payments from borrowers. This process enables the lenders to make more loans and allows Freddie Mac, Fannie Mae, and Ginnie Mae to sell debt- and mortgage-backed securities to investors. Freddie Mac and Fannie Mae pool conventional mortgages, whereas Ginnie Mae pools FHA-insured and VA-guaranteed mortgages. Ginnie Mae's are sold in units of $25,000 or more, with yields about 1 percent higher than Treasury securities. Each month owners receive both interest and partial return of principal for each of these securities.

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[10] For additional information see "Alternative mortgage instruments," by Carolyn Summers Edwards, Family Economics Review 1982(4):1-18.

[11] For additional information on bridge loans, see "At home: Bridge loans, buy now, pay later," Changing Times 39(7):17.

[12] For additional information, see "Creative residential finance," by Carolyn Summers Edwards and Isabelle S. Payton, Family Economics Review 1984(1):7-16.

Zero-rate mortgage. A zero-rate mortgage requires a large downpayment and a one-time finance charge. The loan then is repaid in fixed monthly installments. Zero-rate mortgages allow quick ownership but do not offer any long-term tax deductions.

Consumer Credit

Amortization. Amortization is the gradual repayment of a loan through regular payments of principle and interest. When the repayment schedule is insufficient to fully amortize the loan, unpaid interest can be added to the principal, thus increasing the debt. This is negative amortization and sometimes is found in various types of adjustable rate plans.[13]

Creditworthiness. Creditworthiness is an individual's past credit rating and projected future ability and willingness to repay a loan, as determined by a creditor.

Credit scoring system. Statistical models often are used to determine if an individual with certain characteristics is a good credit risk. Numerical scores are assigned to various attributes, such as age, homeownership, occupation, and past credit history, to determine creditworthiness.

Judgmental system. The judgmental system is a nonstatistical method of determining creditworthiness, based mainly on the creditor's judgment of an applicant's ability and willingness to repay the loan.

Prohibited factors. Prohibited factors are characteristics concerning an applicant that cannot legally be used by a creditor as a basis for denying credit. They include sex, race, age, marital status, religion, color, national origin, receipt of public assistance, and the exercise of rights given under the Federal consumer credit protection laws.

Open-end credit. Open-end credit is a loan used repeatedly up to a stated limit. Bills are issued monthly for a portion of the loan. Credit cards are examples of open-end credit.

Closed-end credit. Closed-end credit is a one-time loan, usually for the purchase of a costly item. The payment period, number of payments, and the payment amounts are specified.

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ACRONYMS

This is a list of some additional acronyms that appear frequently in books, newspapers, and magazines.

APR	Annual Percentage Rate
CFP	Certified Financial Planner
DJIA	Dow Jones Industrial Average
ERISA	Employee Retirement Income Security Act of 1974
ERTA	Economic Recovery Tax Act of 1981
FDIC	Federal Deposit Insurance Corporation
FHLBB	Federal Home Loan Bank Board
FSLIC	Federal Savings and Loan Insurance Corporation
IAFP	International Association of Financial Planners
IMF	International Monetary Fund
NCUA	National Credit Union Administration
NYSE	New York Stock Exchange
OTC	Over-the-counter
PIN	Personal Identification Number
S&L	Saving and Loan Association
SEC	Securities and Exchange Commission
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982

Revision of the Consumer Price Index in 1987

The Bureau of Labor Statistics (BLS), U.S. Department of Labor, is updating and improving the Consumer Price Index (CPI). The resulting changes will be introduced in January 1987.

The CPI is a measure of price change for a fixed market basket of constant quantity and quality purchased for consumption. Periodic revisions are needed so that the CPI reflects price changes of items currently purchased by consumers. Consumers change their purchasing patterns as a result of changes in a number of factors, including relative prices, real income, products, tastes, and demographic characteristics. The 1987 revision will use the Consumer Expenditure Survey data from 1982 to 1984 to update the CPI market basket. The previous revision, in 1978, was based on the 1972-73 Consumer Expenditure Survey.

A new sample of geographic areas will be selected for pricing the revised CPI based on population distributions from the 1980 Census. The number of areas sampled will increase from 85 to 91. Fifty-two of the areas presently included will be retained, although the definitions for some will be affected by the use of the new Consolidated Metropolitan Statistical Area definitions.[1] The new sample will be "rolled in" over a 3-year period. Twenty new areas will be surveyed prior to 1987 in order for the January 1987 CPI to reflect the 1980 population distribution. Nineteen other new areas will be introduced in 1987 to 1989.

Allocating samples to produce the most accurate U.S. CPI possible with the funds available will affect the frequency of publishing CPI's for several local areas. The index for Northeast Pennsylvania (Scranton) will be discontinued. The index for Detroit (now published monthly) will be published bimonthly for even-numbered months. CPI's for 12 areas now published bimonthly will be compiled on a semi-annual average basis.[2]

The classification structure of the CPI includes seven *major groups* of expenditures (food and beverages, housing, apparel and upkeep, transportation, medical care, entertainment, and other goods and services). The major groups are subdivided into 68 *expenditure classes*. A new expenditure class will be established in 1987--electronic products, covering personal computers, computer software, calculators, telephones, and other information processing equipment. That expenditure class will be part of the major expenditure group, other goods and services. Expenditure classes include 265 *strata*. The expenditure weights of the CPI market basket are calculated at the stratum level. Any change in the CPI from month to month is the effect of price changes of the strata comprising the market basket. CPI's for the strata (as well as for the higher levels in the classification structure) are published in the *CPI Detailed Report*, issued monthly. In the revision most of the strata have been restructured, a major consideration being to minimize variance in the "All Items" CPI. The number of strata will drop to 203, affecting the number of indexes published. BLS will, however, continue to publish indexes for some expenditure categories that formerly were strata where a sufficient number of price quotations are collected. A stratum usually is subdivided into one or more *entry-level items*. Currently there are 382 such items. Although the composition of some will be changed, the overall number likely will remain about the same.

Although the priced market basket will remain fixed at the stratum level until the next CPI revision, BLS will use data from the ongoing Consumer Expenditure Survey to update entry-level items priced to represent the strata. Reselection of entry-level items will reflect relative shifts in consumption within a stratum, or new products within a stratum, and will result in gradual changes in composition of the strata. Outlets where items are priced also will be updated on a continuing basis using the Continuing Point-of-Purchase Survey of consumers that was introduced in the 1978 revision of the CPI.

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[1] A Consolidated Metropolitan Statistical Area is an area which has more than 1 million population and is contiguous to one or more primary metropolitan statistical areas.

[2] These areas are Buffalo-Niagara Falls, NY; Cincinnati-Hamilton, OH-KY-IN; Kansas City, MO-Kansas City, KS; Milwaukee, WI; Minneapolis-St. Paul, MN-WI; Atlanta, GA; Anchorage, AK; Denver-Boulder, CO; Honolulu, HI; Portland-Vancouver, OR-WA; San Diego, CA; and Seattle-Tacoma, WA.

Improvements in sampling and other aspects of methodology are a major part of the 1987 CPI revision. For the first time, estimates of sampling error will be published for some indexes. An improved housing survey is being developed that will contribute to the quality of the rental equivalence measure of homeowner costs recently introduced in the CPI.

The CPI that is published for January 1987 will reflect December to January price changes in the new market basket. "Overlap indexes" will be published for 6 months following the introduction of the revised CPI.

Source: Marcoot, John L., 1985, Revision of Consumer Price Index is now under way, Monthly Labor Review 108(4):27-38, U.S. Department of Labor, Bureau of Labor Statistics.

Women and Social Security—Findings From the New Beneficiary Survey

Women who were of child-bearing age during the baby boom of the fifties have begun to receive Social Security retirement benefits. The New Beneficiary Survey (NBS) of the Social Security Administration included the first wave of these women. Others will enter into retirement over the next decade.

Nearly all of the women surveyed in 1982 had married (only 1 in 10 had not), and 9 in 10 of ever-married women had raised at least one child; 4 in 10 had raised 3 or more children. Labor force participation rates over the period used to compute Social Security benefits reflect the fact that the women were raising their families at a time of high birthrates and low labor force participation rates for mothers of young children.

Although the vast majority of women had married, 36 percent were not married at the time of the survey. That figure includes 24 percent widowed, 7 percent divorced, and 5 percent never married.

The average monthly Social Security benefit was related to current marital status. Households in which married women and their husbands both were entitled to receive Social Security benefits averaged nearly twice the monthly benefit level of unmarried female beneficiaries. The average monthly benefit for unmarried women was highest for widows and lowest for divorced women. That of divorced women was approximately equal to the poverty threshold for an aged person living alone.

Other pensions are an important source of income to many Social Security retiree households. Comparison of 1970 and 1982 NBS data shows that pension receipt by new-beneficiary retired workers increased substantially over the period, with women having greater gains than men. Pension receipt by retired-worker married women doubled (from 12 percent to 24 percent) and that of widowed, divorced, and never-married women increased substantially (from 25 percent to 43 percent). Married couples in which the husband was a new Social Security beneficiary were likely to receive a private or public pension based on his previous employment. Fifty-three percent of new-beneficiary married men received such pensions. As the likelihood of a married woman becoming widowed in later years is high, the potential availability of survivor benefits from the husband's pension is important to her long-term financial security. Based on reports from new-beneficiary married men who were receiving or expecting a pension, about two-thirds of wives would receive a survivor's pension. In contrast, survivor's pensions were received by only 13 percent of new-beneficiary women who were widows at the time of the survey.

Source: U.S. Department of Health and Human Services, Social Security Administration, 1985, The 1982 New Beneficiary Survey, No. 4 Women and Social Security. [Reprint of article from Social Security Bulletin 48(2):17-26, 1985.]

Economic Characteristics of U.S. Households — 2d Quarter 1984

This report, issued by the Bureau of the Census, is the fourth in a series of quarterly reports based on data from the Survey of Income and Program Participation (SIPP).[1] The SIPP quarterly report series was developed to make data from the survey available as quickly as possible and to supplement currently available information from other statistical series that measure changing economic conditions. Highlights of findings from the second quarter of 1984 for the Nation's 84 million nonfarm households follow.

Average income for all U.S. households was $2,261 per month in the second quarter of 1984. White households had an average monthly income of $2,356, compared with $1,480 for black households and $1,735 for Spanish households.[2] In households with one or more members working and no members looking for work or on layoff, the monthly average income was $2,740. In households with one or more members looking for work or on layoff, the average income was $1,739 per month. In households having no members with labor force activity, monthly income was $1,076.

Seventeen percent of U.S. households included a member who participated in a means-tested government program. Comparable rates for white, black, and Spanish households were 14, 44, and 36 percent, respectively. The major means-tested programs included Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), food stamps, medicaid, public or subsidized housing, free or reduced-price school meals, and energy assistance. Thirty-five percent of households with one or more members looking for work or on layoff received some kind of means-tested benefit, compared with 30 percent of households in which no one was in the labor market, and 10 percent of households with one or more workers and no one looking for work or on layoff.

Ten percent of all family households had a female householder with no husband present and with one or more children under 18 years of age. These households had an average monthly income of $1,126; if no member was in the labor force, the average monthly income was $472. These female family households were the population group most likely to receive means-tested benefits, having a participation rate of 57 percent.

Twenty-one percent of U.S. nonfarm households had a householder who was 65 years old or over. These households had an average income of $1,439 per month. Married couples with a householder age 65 or over had an average monthly income of $1,998, whereas elderly households consisting of a person living alone had an average monthly income of $866. Seventy-nine percent of elderly persons living alone were women. Twenty-one percent of all elderly households received assistance from means-tested benefit programs. Medicaid was the most frequent benefit program of the elderly, followed by public or subsidized rental housing and food stamps.

The major source of income received by all households was from earnings, which accounted for 78 percent of income received. Property income (interest, dividends, income from rental property, and other asset income) accounted for 8 percent, and Social Security and railroad retirement income accounted for 7 percent. The percentage of households receiving income from these three sources amounted to 73, 69, and 28 percent, respectively (see table). The 23.5 million households that contained a Social Security or railroad retirement beneficiary received an average monthly payment of $562--35 percent of their total income.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Economic characteristics of households in the United States, second quarter, 1984, Current Population Reports, Household Economic Studies, Series P-70, No. 4.

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[1] For information about SIPP, see "Federal sources of family economic data," by Frankie N. Schwenk, on p. 1 of this issue.

[2] Persons of Spanish origin may be of any race.

Households and monthly income, by specified income source--2d quarter 1984

Income source	Households		Monthly household income		
	Number (thousands)	Percent	Mean monthly income (dollars)	Mean amount of specified source (dollars)	Specified source as a percentage of total
All households	84,002	100	2,261	NA	NA
Households receiving--					
Earnings[1]	61,505	73	2,720	2,394	88.0
Property income[2]	57,722	69	2,670	255	9.6
Social Security or railroad retirement	23,508	28	1,590	562	35.3
Company or union pensions	7,238	9	1,902	394	20.7
Federal Government employee pensions	1,671	2	2,643	944	35.7
U.S. military pensions	1,283	2	3,555	1,014	28.5
State and local government employee pensions	2,512	3	2,211	573	25.9
Veterans' compensation or pensions	3,326	4	1,900	230	12.1
Private support payments[3]	4,354	5	1,994	331	16.6
Aid to families with dependent children and other cash assistance	3,823	5	864	316	36.6
Supplemental Security Income	2,963	4	1,033	245	23.7

[1] Earnings include wage or salary and self-employment income.
[2] Property income includes interest, dividends, income from rental property, and other asset income.
[3] Private support payments include child support, alimony, and money from relatives, friends, and charitable groups.

NA = Not applicable.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Economic characteristics of households in the United States, second quarter, 1984, Current Population Reports, Household Economic Studies, Series P-70, No. 4.

Convenience and the Cost of the "Newer" Frozen Plate Dinners and Entrees

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Each year an array of new convenience products is introduced into the marketplace. Many of these products are multi-ingredient prepared mixtures that offer considerable savings in preparation time and a high level of built-in culinary expertise. Consumers in the United States spend about one-fifth of their home food dollars on multi-ingredient prepared mixtures (3). Frozen prepared plate dinners and entrees are examples of such products. In 1984 consumers spent over 3.3 billion dollars on frozen prepared plate dinners and entrees, representing about 2 percent of each food dollar spent in grocery stores (1).

During the past few years there has been a surge in the introduction of new and improved lines of frozen plate dinners and entrees. Unlike traditional products that include very simple fare such as fried chicken or meatloaf, the "newer" products usually feature a "gourmet"-type entree in sauce or gravy, plus a vegetable mixture and/or a seasoned starchy side dish (either potato, rice, or noodles). A wide variety of such products now are available. Some are "light" in calories and are specifically designed for use by persons watching their weight.

Many of the newer plate dinners and entrees have fancy names, are attractively packaged, and attempt to convey a luxury image. These newer products also carry premium prices. Consumers, especially those with limited resources, may want to know how much they are paying for the convenience features of such products. USDA's Consumer Use of Foods Laboratory of the Human Nutrition Information Service conducted a study in which the cost and preparation time for eight frozen dinners/entrees were compared to similar products made from home recipes. Three dinners and five entrees were studied. Meat, poultry, fish, and shellfish products representing five nationally advertised brands were included.

PROCEDURES AND RESULTS

Recipe Development

All frozen convenience dinners and entrees were heated in the laboratory according to package directions given for a conventional range top or oven. Component parts of each prepared product (for example, beef, sauce, onions, mushrooms, and noodles in beef stroganoff) were separated and weighed, and proportions of separable components were computed. The mean proportions of components, each determined from two laboratory tests, along with product ingredient labels, were used as the basis of recipe development for home-prepared counterparts. Insofar as possible, the same types of recipe ingredients found in the convenience products were used in preparation of their home counterparts. For example, the same or similar cuts of meat were used, and fresh rather than frozen or canned vegetables were used if it appeared that fresh had been used in the convenience dinner or entree. Not all ingredients were duplicated. For example, ingredients such as emulsifiers, modified food starch, hydrolyzed plant protein, and artificial coloring--which typically are not used in home food preparation--were not used in the recipes.

Although recipes for the home-prepared items were not identical to product formulations of the frozen dinners and entrees, the resulting products were similar. The proportion of major separable components in the prepared home recipes closely approximated that in the heated frozen dinners or entrees. For example, the proportion of meat component was the same in both frozen and home-prepared in four of the eight products and in the remaining products it was within 1 to 2 percent. A serving of the dinners contained 2.8 to 3.0 ounces of meat, poultry, or fish; the entrees contained considerably less--1.1 to 2.5 ounces.

Recipes for home-prepared counterparts were developed to yield approximately four servings. Each recipe was prepared twice and the mean weight then divided by the weight of the heated convenience item to determine the exact number of servings for use in cost-per-serving computations.

Food Cost Comparisons

Each convenience product and the ingredients for their home-prepared counterparts were priced in three Washington, DC, area supermarkets for 3 consecutive weeks in the first quarter of 1985. Container sizes selected for pricing ingredients for home-prepared counterparts were typical of sizes that might be purchased by smaller households, but were not necessarily the smallest available. Factors such as recipe requirements, versatility of the product for use in other home recipes, and storage life of the product were considered. All products selected for use in cost comparisons were high-quality name brand or store brand items. Where several brands of a product were available, the one having the lowest unit price was used in costing.

When recipes specified ingredients in which trimming or cooking losses must be considered, USDA food yield data (6, 7) were used to determine quantities of food to be costed--for example, how much fresh, ready-to-cook whole chicken was necessary to obtain 1 cup cooked, diced chicken for use in a recipe. These data allow for differences due to variety, geographic location, season, container size, variety, and so forth, and therefore represent accurate mean estimates of food yield.

Cost comparisons of each frozen dinner or entree and of the ingredients used to obtain a comparable weight of food prepared from recipes are shown in table 1. The cost per serving of frozen dinners and entrees ranged from $1.99 to $3.99, whereas the ingredients for a serving of their home-prepared counterparts ranged from $0.62 to $1.29. The frozen products were about 3 to 4 times as costly as the same quantity of food prepared from a recipe.

In each of the home-prepared dinners or entrees, the meat, poultry, fish, or shellfish component was the most expensive recipe ingredient. It ranged from 23 percent of the total cost of chicken chow mein to 77 percent of the total cost of shrimp creole.

Table 1. *Cost of "newer" frozen plate dinners and entrees and their home-prepared counterparts*[1]

Food	Cost per serving		Cost relative to cost of home-prepared	
	Home-prepared	Frozen	Home-prepared	Frozen
	Dollars		Percent	
Dinners:[2]				
Turkey breast	0.91	3.25	100	357
Beef tips	1.29	3.99	100	309
Cod	.84	3.29	100	392
Entrees:[2]				
Beef teriyaki	.95	2.93	100	308
Shrimp creole	1.29	3.99	100	309
Chicken chow mein	.62	1.99	100	321
Sweet and sour chicken	.72	2.45	100	340
Beef stroganoff	.89	2.49	100	280

[1] Prices from 3 Washington, DC, supermarkets, 1st quarter 1985.

[2] Each dinner included a gravy or sauce, a rice or potato side dish, and a vegetable mixture. Each entree included rice or noodles and/or a vegetable component.

Preparation Time and Value

Next to "carry out" foods, which are "ready-to-eat," frozen plate dinners and entrees probably represent the ultimate in convenience. From the standpoint of preparation time, it is hard to compete with such products.

To assess the time-saving features of the products included in this study, "active" preparation time was estimated for each frozen and home-prepared dinner and entree. Active time included all steps that required the full or partial attention of the preparer, for example, measuring ingredients, peeling shrimp, or browning meat. Time for preparation steps such as heating a product in the oven was considered passive rather than active time since the preparer was free for other activities. Timing was started after all ingredients, equipment, and utensils were assembled at the work area in order to eliminate differences due to various kitchen arrangements. Time for cleanup was not studied.

Preparation times for each dinner and entree are shown in table 2. Active preparation time for frozen items ranged from 1 to 3 minutes and for home-prepared counterparts from 23 minutes to 1 hour, 9 minutes.

The value of time spent in preparing each frozen product and its home-prepared counterpart was estimated at three wage rates--$7.00 per hour, $7.87 per hour, and $10.81 per hour.[1] These three wage levels were used to estimate the value of the household food preparer's time, had it been used in paid employment. They represent a clerical wage, average wage, and a managerial-professional wage for the first quarter of 1985.[2]

The value of labor for preparing the frozen products ranged from $0.14 to $0.35 per serving at the clerical wage rate, from $0.16 to $0.39 at the average wage rate, and from $0.22 to $0.54 at the managerial-professional wage rate. Labor values for a serving of the home-prepared dinners and entrees were about 2-1/2 times to 16 times greater than values for their corresponding frozen counterparts.

Although the value of active preparation time is theoretical, it is of interest to add this amount to the cost of the food to arrive at estimates of "total" costs. At the clerical and average wage rates, the "total" cost of the home-prepared dinners and entrees averaged about two-thirds the cost of their corresponding frozen counterparts. At the managerial-professional wage rate, the home-prepared turkey breast and beef tips dinners cost slightly more than their respective frozen dinners, and the remaining home-prepared dinner and entrees averaged three-fourths as much as their frozen counterparts.

NUTRITIONAL CONSIDERATIONS

Of the eight convenience products included in this study, all but one was labeled with information on nutrients furnished by the food as it comes from the container. The unlabeled item did specify, however, that nutrition information was available from the company. Three of the seven labeled products included sodium information. Information from the nutrition labels is discussed below.

Of the seven labeled products, Calories per serving ranged from 350 to 460 for the dinners and 200 to 360 for the entrees. Three of the five entrees were advertised as being "light" in Calories and, indeed, were lower (200 to 250 Calories) than the other two entrees.

The protein content of dinners ranged from 40 to 50 percent of the U.S. Recommended Daily Allowance (U.S. RDA); protein in the entrees represented 15 to 35 percent of the U.S. RDA. Percentage of the U.S. RDA for vitamin A, vitamin C, thiamin, riboflavin, niacin, calcium, and iron varied with the types of components in each dinner or entree.

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[1] For information on estimating the value of time used in household production, see "New methods for studying household production," Family Economics Review 1982(3):30-33, by Colien Hefferan.

[2] Derived from median weekly earnings of full-time workers as published in Weekly earnings of wage and salary workers: First quarter 1985, News, U.S. Department of Labor, 1985, USDL No. 85-178; and unpublished U.S. Department of Labor data on average weekly hours worked by full-time employees in the first quarter of 1985.

Table 2. ***Preparation time and value of preparation time for "newer" frozen plate dinners and entrees and their home-prepared counterparts***

Food	Active preparation time (minutes)[1]	Estimated value of time per serving[2]			Total cost per serving[3]		
		Clerical wage	Average wage	Managerial-professional wage	Clerical wage	Average wage	Managerial-professional wage
Dinners							
Turkey breast:							
Home-prepared	59	$1.75	$1.97	$2.70	$2.66	$2.88	$3.61
Frozen	1	.14	.16	.22	3.39	3.41	3.47
Beef tips:							
Home-prepared	69	2.24	2.52	3.46	3.53	3.81	4.75
Frozen	1	.14	.16	.22	4.13	4.15	4.21
Cod:							
Home-prepared	23	.84	.94	1.30	1.68	1.78	2.14
Frozen	2	.21	.24	.32	3.50	3.53	3.61
Entrees							
Beef teriyaki:							
Home-prepared	36	1.05	1.18	1.62	2.00	2.13	2.57
Frozen	3	.35	.39	.54	3.28	3.32	3.47
Shrimp creole:							
Home-prepared	35	1.26	1.42	1.95	2.55	2.71	3.24
Frozen	3	.35	.39	.54	4.34	4.38	4.53
Chicken chow mein:							
Home-prepared	34	1.05	1.18	1.62	1.67	1.80	2.24
Frozen	3	.35	.39	.54	2.34	2.38	2.53
Sweet and sour chicken:							
Home-prepared	32	.91	1.02	1.41	1.63	1.74	2.13
Frozen	3	.35	.39	.54	2.80	2.84	2.99
Beef stroganoff:							
Home-prepared	41	1.05	1.18	1.62	1.94	2.07	2.51
Frozen	2	.35	.39	.54	2.84	2.88	3.03

[1] Times for home-prepared dinners and entrees are based on recipes for approximately 4 servings.

[2] Wage rates were derived from median weekly earnings of full-time workers as published in Weekly Earnings of Wage and Salary Workers: 1st Quarter 1985, News, U.S. Department of Labor, 1985, USDL No. 85-178; and unpublished U.S. Department of Labor data on average weekly hours worked by full-time employees in the 1st quarter of 1985. The rates are $7.00 per hour for clerical wage, $7.87 per hour for average wage, and $10.81 for managerial-professional wage.

[3] Cost of food plus value of active preparation time.

The Dietary Guidelines issued jointly by the Department of Agriculture and the Department of Health and Human Services (8) suggest (among other recommendations) that Americans avoid too much fat and sodium in their diet. In keeping with the guidelines' recommendations, some researchers have expressed concern about the high levels of fat and/or sodium in frozen plate dinners and entrees (2, 4, 5). Fat content of items included in this study ranged from 14 to 24 grams per serving for the dinners and 2 to 16 grams per serving for the entrees. The lighter entrees contained 2 to 5 grams of fat per serving. Many authorities suggest that daily fat intake provide no more than 30 or 35 percent of total Calories. This allows for roughly 65 to 75 grams of fat in the diets of persons consuming about 2000 Calories daily. Even the convenience dinner with the highest fat of those studied, thus supplied about one-third of the suggested day's intake of fat. The entree with the highest fat supplied a little over one-fifth of the suggested intake for the 2000-Calorie diet. Sodium content ranged from 900 to 1164 milligrams in the three products that provided sodium information on their label, representing a sizeable portion of the 1100 to 3300 milligrams of sodium estimated by the National Academy of Sciences to be a "safe and adequate" daily intake for adults. The fat and sodium content of recipes for home-prepared foods can, of course, be modified to some extent by reducing amounts of added fat and salt and by wise selection of ingredients and preparation methods.

Assessing the nutritional adequacy of plate dinners and entrees is no easy task for consumers--even with the help of nutrition labels. The following suggestions are offered as a general guide:

- In a general way, consider the nutrient content of the convenience dinner or entree compared to the foods you might typically eat. If the convenience product contains a similar amount of meat, vegetable or fruit, and rice or pasta, it probably will make a similar nutritional contribution to the day's intake.
- Use nutrition labels to make comparisons among the dinners and entrees available. Look for products that contain higher percentages of the RDA for the most nutrients. Also consider Calorie level. Choose products that contain the most nutrients for the least Calories. In keeping with Dietary Guidelines' recommendations that Americans avoid too much fat and sodium, look for products that contain fewer grams of fat (or a lower percentage of total Calories as fat) and fewer milligrams of sodium.
- If a convenience product that is low in certain nutrients or higher in fat and/or sodium is used at one meal, compensate by the types of food selections made during the rest of that day. It is the total daily diet that counts--not just one food or meal.
- No one food or meal supplies all nutrients in the amounts needed. Eating a variety of foods will help assure that all nutrients are provided. On a daily basis, foods should be included from the following major groups: Fruits; vegetables; cereals and other foods made from grains, such as breads; milk and dairy products, such as cheese and yogurt; and meat, poultry, fish, eggs, and dry beans and peas.

CONCLUSIONS

Frozen convenience plate dinners and entrees are quick and easy to prepare. Some of the "newer" types reflect a high degree of culinary skill and may, for some consumers, represent a practical alternative to preparing foods from scratch, particularly if time, equipment, and/or skills are limited. These convenience products can, however, be costly compared to home-prepared products and may not be suitable for use by consumers on a tight food budget. The frozen products tested in this study cost about 3 to 4 times as much as similar foods made at home from a recipe. Even when value of preparation time was added to food costs, most of the frozen products were considerably more costly than their home-prepared counterparts.

In advising consumers, food and nutrition professionals may want to emphasize that the decision to use convenience products such as frozen plate dinners and entrees often becomes a tradeoff between time available for food preparation, money available for food purchase, nutritional considerations, and, of course, eating quality. Consumers must decide for themselves which of these concerns are most important.

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Cost of Food at Home

Cost of food at home estimated for food plans at 4 cost levels, November 1985, U.S. average[1]

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20-50 years	$37.00	$46.50	$57.40	$70.80	$160.10	$201.90	$248.60	$307.10
51 years and over	34.90	44.40	54.80	65.40	151.30	192.80	237.20	283.40
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	53.80	66.90	81.80	99.90	233.10	290.40	354.10	432.90
6-8 and 9-11 years	61.80	78.80	98.40	118.10	267.40	341.50	426.30	512.00
INDIVIDUALS[3]								
Child:								
1-2 years	9.70	11.70	13.70	16.40	42.10	50.90	59.20	71.10
3-5 years	10.50	12.90	15.90	19.10	45.50	56.00	68.90	82.60
6-8 years	12.90	17.10	21.30	24.90	55.70	73.90	92.50	107.90
9-11 years	15.30	19.40	24.90	28.80	66.20	84.10	107.80	124.90
Male:								
12-14 years	16.00	22.00	27.40	32.20	69.30	95.50	118.90	139.50
15-19 years	16.60	22.90	28.20	32.70	72.00	99.10	122.40	141.80
20-50 years	17.70	22.50	28.20	33.90	76.70	97.70	122.20	147.00
51 years and over	16.00	21.30	26.20	31.40	69.50	92.50	113.50	135.90
Female:								
12-19 years	15.90	19.10	23.10	27.90	68.90	82.60	100.00	120.70
20-50 years	15.90	19.80	24.00	30.50	68.80	85.80	103.80	132.20
51 years and over	15.70	19.10	23.60	28.10	68.00	82.80	102.10	121.70

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in Family Economics Review, 1984 No. 1. Estimates for the other plans were computed from quantities of foods published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics (CPI Detailed Report, table 3) to estimate the costs for the food plans.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Bulk Foods—Cost and Other Considerations[1]

By Dianne D. Odland[2]
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Introduced just a few years ago, large-scale merchandising of foods in bulk is spreading throughout the supermarket industry and has become an accepted part of the everyday food shopping scene in many locations. Self-service bulk food merchandising as practiced in today's supermarkets is not totally new. It is a variation of an old food marketing concept of providing customers with food products from bulk items on display--as from the old-fashioned cracker barrels found in general stores at the turn of the century. The "self-service" feature of bulk buying dates back to the sixties and seventies at which time the practice was introduced in food cooperatives and health food stores. Large-scale bulk food merchandising appears to be more than a supermarket gimmick. "Although many operators feel that the bulk foods concept is still in an embryonic stage,...most are confident that, when handled properly at the store, bulk foods seem here to stay" (5).

Some chain supermarkets now offer as many as 400 items in bulk form (10). The selection of bulk food items varies from store to store but generally includes basic baking supplies such as flour, sugar, and baking mixes; herbs and spices; dry beans, rice, and pasta; nuts and dried fruits; and numerous ready-to-eat snack foods and confectionary items. Items offered usually have relatively long shelf lives. Health and sanitation officials restrict bulk section sales of "potentially hazardous foods," that is, those that may develop organisms that cause food poisoning and spoilage (10).

Bulk food merchandising allows customers to select quantities not limited by commercial package sizes--as much or as little food as needed may be purchased. In a 1983 University of California, Davis, survey of more than 1,300 northern California supermarket shoppers, "ability to select exact quantities" was identified as the most important motive for purchasing bulk foods (8). While the "select only what you need" feature of bulk buying may be of particular advantage to one- and two-person households wanting to purchase small quantities of food items, some retailers claim that "a very good percentage" of the total business at their bulk food operation comes from larger suburban households (10).

In the California supermarket survey, concern about sanitation was the most prevalent reason given by shoppers for deciding not to buy bulk foods (8). Because customers may have direct contact with the food, bulk food merchandising does offer the potential for person-to-person transfer of contaminants via the food. To help prevent public health problems, the Food and Drug Administration (FDA) has developed guidelines for minimizing direct contact between bulk foods and the customer (3). These guidelines deal primarily with equipment and utensil design and operational procedures. FDA urges State or local authorities that regulate supermarkets to use the Federal guidelines as a model for developing their own standards.

Because they have no expensive packaging and promotional costs associated with them, bulk foods often are cheaper than packaged food items. Prices of bulk foods are reported to average 50 percent lower than their packaged counterparts (7). Such price comparisons often have been made with small package sizes of national brand products, however. How does the cost of bulk foods compare with store brands, generic products, and items in large packages? Are bulk foods less costly regardless of the brand and package size compared? A study conducted by the Human Nutrition Information Service of USDA attempts to answer these questions and to help shoppers evaluate the various features offered by foods in bulk.

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[1] "Bulk food" refers to unpackaged, processed or unprocessed foods in large containers from which the consumer withdraws the quantity desired.

[2] Technical assistance provided by Cheryl Vass.

DATA COLLECTION

Thirty-six food items were studied. All items were very basic products representing the following categories: Baking supplies, baking mixes, cereals, rice and pasta, dry beans, nuts, dried fruit, herbs and spices, and snacks. Confectionary items were not included in this study.

Each food item was priced in both bulk and packaged forms in three Washington, DC, metropolitan area supermarkets in each of 3 consecutive weeks in spring 1985. Supermarkets included a national supermarket chain, a local supermarket chain, and a warehouse store operated by a local supermarket chain. Based on sales volume data collected from May 1984 through April 1985, these supermarkets represented the top three food retailers in the Washington metropolitan area (1). Each of the three supermarkets had a large selection of bulk foods (150 to 250 items).

The unit price of packaged food forms was recorded for all package sizes of items available in either store brand and/or national brand. Store brands represented top-line "private labels"[3] sold under the supermarket's name or symbol--either its own trademark or that of a cooperative or buying group (11). National brands (brand names) included well-known nationally distributed products. When more than one national brand was available, price was recorded for the brand having the lowest cost per unit. The price also was recorded for the only two items available in generic form. One of these items (rice) was a "true generic," featuring a simple, unbranded black and white package labeled with the generic name of the product. The other (dried apricots) was an "imitation generic" (a plainly packaged product merchandised like generics but carrying a private label) (2). Packaged brands of biscuit, muffin, cake, and brownie mixes were priced only if preparation instructions specified a proportion of added ingredients similar to the bulk mix, for example, a similar proportion of egg, milk, and so forth, to be added to the mix by the consumer in preparation of the baked product.

The assortment of brands and package sizes available varied among the food items and the supermarkets. For some foods, only one brand and size was available; for others, several brands and/or package sizes were available. When items were on "special," those prices were recorded. As regular prices were not posted for these food items, special prices were used in cost comparisons. In two of the three supermarkets, none of the items had a special sale price. In the third store, about two dozen of the total prices collected were specials on either store brands or national brands. Possible cost reduction through use of coupons was not considered in this study.

PRICE COMPARISONS

Prices of packaged forms were compared with the corresponding bulk item prices within each supermarket in each data collection period. Cost per pound of each packaged food form was expressed as a percentage of the cost per pound of the comparable item available in bulk. A total of 272 prices for bulk foods and 774 prices for packaged food forms was used in cost comparisons. Mean percentages for each supermarket for the 3-week period were computed for each package size and brand type. Mean values were then weighted by each supermarket's share of food sales (1) to reflect the Washington, DC, area market. These weights were 0.4203 for the local supermarket chain, 0.3263 for the national supermarket chain, and 0.0448 for the warehouse store operated by a local supermarket chain (1).

Bulk Foods

When the price of each package size and brand type of each food item was compared with the price of the corresponding bulk food within each supermarket in each week (individual data not shown), 93 percent of packaged forms were more costly than in bulk, 6 percent were less costly, and 1 percent had the same cost. On the average, the 36 bulk foods included in this study cost 66 percent less than their packaged counterparts. Such an average, however, may not be indicative of overall consumer savings because the assortment of foods included in this study does not represent a consumer's market basket, and costs were not weighted by quantities that might typically be purchased. As is apparent from the table on pp. 36-37, savings vary greatly according to food item and according to brand type and size.

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[3] In the case of private-label products, a retailer, wholesaler, or distributor limits the sale and distribution of its own brands to its own operation (2).

The table shows weighted means and standard deviations of the cost of food in packaged form expressed as a percentage of the cost of the corresponding bulk food product. For example, store brand all-purpose flour in a 10-pound bag (102 percent) cost 2 percent more than bulk flour; store brand corn flakes in an 18-ounce box (94 percent) cost 6 percent less than corn flakes in bulk form. Percentage costs for each brand type and package size are arranged in ascending order to make cost relationships readily apparent.

As expected, the largest savings of bulk over packaged food forms generally was for national brands and for smaller package sizes. However, special sale prices (noted in the table) affected the expected cost progression relationships in some instances. For example, national brand corn flakes on "special" in an 18-ounce box cost less than national brand corn flakes in a 24-ounce box, and specially priced national brand peanuts in a 4-ounce package cost less than peanuts in several larger sized containers.

Although larger package sizes usually cost less per pound than their smaller-sized counterparts, nonetheless, most larger package sizes still were more expensive than the bulk form. In a bulk foods cost survey conducted by the University of California, Davis, during the winters of 1982-83 and 1983-84, three-fourths of the items studied were cheaper in bulk (an average of 53 percent lower) than when purchased in 1-pound packages (9). However, the majority of the bulk items were more expensive than the same product offered in 5-pound packages (an average of 8 percent higher).

Overall, national brands cost 77 percent more and store brands, 49 percent more than bulk foods. Generic products were available in only two instances--long grain white rice in a 32-ounce package and dried apricot halves in a 6-ounce package. The generic rice (a "true generic" product) cost 10 percent less and the apricots (an "imitation generic" product) cost 12 percent more than their respective bulk counterparts.

The largest price differences between bulk and packaged food forms were for herbs and spices, particularly those in decorative glass bottles offered by national manufacturers. In fact, when herbs and spices were excluded from cost comparisons, the average savings of bulk foods compared with packaged items decreased from 66 percent to 39 percent.

Bulk food items that showed the smallest savings over packaged food forms (or that cost more than their packaged counterparts) included basic, lower cost products--flour, granulated sugar, rice, and dry beans, for example. This finding may be explained by the following factors: (1) Such products tend to be packaged in relatively large quantities; (2) package costs are low relative to product cost; and (3) these items are subject to greater price competition, resulting in considerably lower price markups than with other products (spices, for example).

Store Brands and National Brands

Price differences between store brands (or private labels) and national brands also are of interest. National brands usually are produced by large manufacturers that promote products through advertising, coupons, and other techniques. The retail price of national brand products reflects costs associated with promotional activities, as well as costs associated with product development and marketing. Private label manufacturers, however, are able to offer their products at a lower retail price because they do not rely as heavily on costly advertising and promotional techniques and are able to save considerable development and market-testing costs by copying the formula and package design of their national brand counterparts.

Cost of packaged foods compared to bulk foods

Food item	Brand type and size of packaged food	Cost of packaged food as a percentage of bulk[1]	
		Mean	Standard deviation
Baking supplies:			
All-purpose flour	Store 10-lb bag	102	4
	Store 5-lb bag	105	4
	National 10-lb bag	111	4
	National 5-lb bag	114	3
	Store 2-lb bag	167	13
	National 2-lb bag	194	13
Whole-wheat flour	Store 5-lb bag	124	0
	National 5-lb bag	161	2
Cornmeal	National 2-lb bag	121	1
Granulated sugar	Store 5-lb bag	108	3
	Store 10-lb bag	108	4
	National 10-lb bag	109	0
	National 5-lb bag	112	3
	Store 25-lb bag	115	0
	Store 2-lb bag	167	10
	National 2-lb box	182	6
Brown sugar	National 1-lb box	116	4
	Store 2-lb bag	123	1
	Store 1-lb box	124	0
Nonfat dry milk	National 20-qt box	109	0
	Store 20-qt box	110	0
	Store 12-qt box	126	0
	Store 8-qt box	129	0
	Store 3- to 4-qt box	[2]142	0
	National 10-qt box (envelopes)	151	0
	National 5-qt box (envelopes)	152	2
	National 3- to 4-qt box	208	0
Baking mixes:			
Biscuit mix	National 60-oz box	[2]123	8
	National 40-oz box	[2]128	7
	National 20-oz box	227	0
Bran muffin mix	National 7-oz box	136	2
Corn muffin mix	National 8-oz box	123	4
Yellow cake mix	Store 18.5-oz box	[2]131	0
Brownie mix	Store 20.5-oz box	124	0
Cereals:			
Quick-rolled oats	Store 42-oz box	164	1
	National 42-oz box	177	<1
	Store 18-oz box	185	18
	National 18-oz box	199	17
Toasted oats	Store 15-oz box	115	6
	National 15-oz box	130	9
	National 20-oz box	147	0
	National 10-oz box	148	9
	National 7-oz box	177	0
Cereals--continued:			
Corn flakes	Store 18-oz box	94	10
	Store 24-oz box	[2]94	8
	National 18-oz box	[2]98	6
	Store 12-oz box	124	3
	National 24-oz box	133	1
	National 12-oz box	141	7
	National 7-oz box	157	0
	National 6-oz pkg (handi-pak)	[2]329	13
Rice and pasta:			
Long-grain white rice	Generic 32-oz pkg	90	3
	Store 20- to 25-lb bag	103	0
	Store 10-lb pkg	108	0
	Store 48-oz pkg	116	3
	Store 5-lb pkg	118	0
	Store 32-oz pkg	123	0
	Store 16-oz pkg	124	3
Elbow macaroni	Store 48-oz box	[2]93	7
	Store 16-oz box	101	1
	National 48-oz box	[2]108	7
	National 16-oz box	130	8
	National 32-oz box	133	0
	Store 8-oz box	136	2
	National 8-oz box	180	0
Macaroni shells	Store 16-oz box	109	0
	National 16-oz box	135	5
	Store 8-oz box	[3]138	--
Egg noodles	Store 16-oz pkg/box	112	4
	National 16-oz pkg/box	[2]119	5
	Store 12-oz pkg/box	125	0
	Store 8-oz pkg/box	136	2
	National 12-oz pkg/box	146	2
	National 8-oz pkg/box	168	3
Chow mein noodles	National 12-oz pkg	113	0
	Store 6-oz pkg	126	0
	National 5- to 6-oz can	162	16
	National 9-oz can	177	4
	National 3-oz can	192	13
Dry beans:			
Pinto beans	Store 4-lb pkg	109	0
	Store 32-oz pkg	110	3
	Store 16-oz pkg	114	0
	National 16-oz pkg	145	18
Great northern beans	Store 16-oz pkg	[3]87	--
	Store 32-oz pkg	87	0
	National 32-oz pkg	127	0
	National 16-oz pkg	130	0
Red kidney beans	Store 16-oz pkg	98	0
	National 16-oz pkg	112	1
Split peas	Store 16-oz pkg	109	1
	National 16-oz pkg	125	0

Continued

See footnotes at end of table.

***Cost of packaged foods compared to bulk foods*--Continued**

Food item	Brand type and size of packaged food	Cost of packaged food as a percentage of bulk[1]	
		Mean	Standard deviation
Nuts:			
Blanched peanuts	Store 10- to 12-oz pkg	155	3
	National 24-oz can	[2]165	7
	National 4-oz pkg	[2]165	23
	National 10- to 12-oz pkg	170	< 1
	National 12-oz can	[2]181	9
	Store 12-oz can	187	0
	National 16-oz can	190	5
	National 6.5-oz can	247	< 1
Walnut halves and pieces	National 8- to 10-oz pkg/can	121	0
	Store 10-oz pkg	133	0
	National 16-oz can	137	0
	National 3- to 4-oz pkg/can	142	7
Pecan halves	Store 10-oz pkg	102	0
	Store 6-oz pkg	113	0
	National 2.25- to 3-oz pkg	[2]146	26
Slivered almonds	Store 6-oz pkg	156	2
	National 2- to 2.5-oz pkg	220	3
Dried fruit:			
Seedless dark raisins	Store 15-oz pkg/box	111	4
	Store 32-oz pkg	117	<1
	National 15- to 16-oz pkg/box	118	8
	National 24-oz can	124	4
	Store 9-oz pkg (snack-paks)	191	13
	National 9-oz pkg (snack-paks)	192	21
	Store 7-oz pkg (mini-paks)	242	20
	National 7-oz pkg (mini-paks)	256	29
Pitted prunes	National 16-oz pkg	100	0
	National 12-oz pkg/box	[2]118	<1
Apricot halves	Generic 6-oz pkg	112	0
	Store 6-oz pkg	122	0
	National 6-oz pkg	130	11
Herbs and spices:			
Parsley flakes	Store 1-oz bottle	159	0
	National 0.50-oz bottle	233	18
	Store 0.25-oz tin	383	33
	National 0.25-oz tin	438	0
	National 0.25- to 0.50-oz decorative glass bottle	587	< 1
Oregano leaves	Store 2.25- to 2.75-oz bottle	193	0
	National 2.25- to 2.75-oz bottle	251	0
	National 1.37- to 1.5-oz bottle	294	18
	Store 0.50-oz bottle/tin	582	0
	National 0.50 oz bottle	614	16
	National 0.49- to 0.50-oz decorative glass bottle	668	0
Minced onions	Store 3.5-oz bottle	207	0
	National 4.25-oz bottle	211	14
	Store 4.25-oz bottle	212	0
	National 1.5-oz bottle	418	0
	National 1.62- to 1.9-oz decorative glass bottle	461	3
Ground cinnamon	Store 4-oz tin	239	0
	National 1.87-oz tin	248	9
	National 4-oz tin	261	0
	National 1.12-oz tin	304	0
	Store 1.12-oz tin	314	24
	National 1.62- to 1.9-oz decorative glass bottle	482	< 1
Snacks:			
Corn chips	Store 10- to 11.5-oz pkg	104	17
	National 15.5-oz pkg	190	< 1
	National 10- to 11.5-oz pkg	204	2
	National 8-oz pkg	205	15
	National 6-oz pkg (snack-paks)	296	9
Oatmeal cookies	Store 10- to 14-oz pkg	[3]98	--
	Store 18-oz pkg	[2]101	5
	National 10- to 14-oz pkg	112	7
	National 6-oz pkg	198	16

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[1] Values represent price collections for a 3-week period in 3 Washington, DC, area supermarkets in spring 1985 and have been weighted to reflect each supermarket's share of sales in the Washington metropolitan area. Not all brand types and sizes of each food item were available in all 3 supermarkets. Most values are based on 6 to 9 observations. Those based on only one observation are so indicated. A standard deviation of zero usually represents 3 observations within 1 store, demonstrating within-store price stability over the 3-week data collection period.

[2] "Special" price(s) included in computation of mean and standard deviation.

[3] Value based on only 1 observation.

Moreover, some large retail chains manufacture their own private label products, which helps reduce transportation and distribution costs (4).

In cases where the cost of a store brand could be compared with that of a national brand in the same package size within a supermarket (153 observations), the store brand cost less than the national brand 91 percent of the time, resulting in an average cost savings of 19 percent. This finding is similar to results obtained in a national survey conducted for the Private Label Manufacturers Association (PLMA) in December 1984 (11). In the PLMA study, which included 23 of the most heavily purchased food items, purchasing a store brand rather than a national brand resulted in a mean savings of 22 percent.

In 1983 USDA's Economic Research Service (ERS) conducted a cost study based on data from a 1980 USDA survey of supermarket prices in Washington, DC (4). In the ERS study, the cost of national brands was compared with that of top-line private labels for 34 food items. National brands classified as "warehoused dry groceries" (the same types of products as many of the items in this study on bulk foods) averaged about 28 percent higher in cost than comparable private label items.

IMPLICATIONS

In this study, most bulk foods were less costly than packaged food products. Some packaged food forms cost up to 6 to 7 times as much as the same food in bulk. A few items, however, were more expensive in bulk than in one or more packaged forms--generic, store, or specially priced national brand. These results demonstrate that comparative cost shopping is a necessity, even with bulk foods. Consumers might consider quickly browsing through the bulk foods section before shopping, jotting down prices of items needed, then comparing them with unit prices of packaged items during shopping.

In making food purchase decisions, shoppers should be aware of both the advantages and drawbacks of bulk foods. The following are some considerations:

On the positive side--

- Food quantity can be tailored to needs. Waste is thereby reduced, and there is less chance of a product becoming stale before it is used up.
- Shoppers can purchase and sample small amounts of products they might be reluctant to try if offered only in packaged forms providing [illegible] larger quantity, typically at a higher price.
- Shoppers can see what is being purchased and do not have to rely on pictures, as with many items packaged in opaque materials.
- The "self-service" feature of bulk foods appeals to many shoppers.
- Bulk foods often cost less than packaged foods, yet are likely to be of name brand quality. Most supermarket operators stress the quality of their bulk items (6).

On the negative side--

- Bulk foods lack the protection provided by commercial packaging and may, thereby, become contaminated unless management and consumers together assume a responsible role. Management has an obligation to establish sanitary practices and carefully supervise bulk food operations. Consumers have an obligation to exercise sanitary practices, to use food dispensing utensils correctly, and to supervise their children in the bulk foods section of the supermarket.
- Bulk food products usually do not carry open dating or nutrition labeling, whereas many of their packaged counterparts do.
- Although ingredient labeling may be provided on bulk food bins, shoppers have no permanent record as they do with most packaged food products.
- Some products may not lend themselves to lengthy storage in the plastic bags provided at the supermarket; airtight containers may be required for proper storage. Some shoppers may not have a supply of such containers. Moreover, purchasing special containers may defeat the cost advantage of bulk foods.
- Selecting and bagging bulk foods takes more time than purchasing packaged food items. Moreover, repacking foods at home may be time consuming.

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- Financial Characteristics of U.S. Farms. January 1985. AIB 495.

Index of Articles in 1985 Issues

	Issue No.	Page
CLOTHING		
Recent Trends in Clothing and Textiles	2	1
Time Spent in Sewing by Employed Women	4	1
FINANCE		
Costs and Benefits of the Electronic Fund Transfer Act	4	22
Economic Characteristics of Households--New Data Series	3	6
Economic Outlook for Families	2	20
Employee Benefits	1	6
Measurements of Family Income	3	1
Reassessing Life Insurance Needs	1	1
Surviving Spouse's Benefits in Private Pension Plans	1	14
Work Interruptions and Earnings	2	30
FAMILY LIVING		
Child Support and Alimony	4	24
Current Population Reports	1	24
Current Population Studies	2	29
Households and Families, March 1983	1	19
Research Report--Major Concerns of Families	3	12
Uniform Marital Property Act	4	10
FOOD		
Continuing Survey of Food Intakes by Individuals	1	16
Dietary Recommendations for Healthy Americans Summarized	3	17
New Publications from Human Nutrition Information Service	2	28
1985 Outlook for Food Prices and Expenditures	2	24
Nutrient Content of the U.S. Food Supply, 1983	3	16
Nutrient Data Base for Continuing Food Intake Survey	3	14
Outlook for Food Consumption Patterns	2	26
Value of Food Used in Households With Elderly Members	4	11
HOUSING		
Adjustable Rate Mortgages: Consumer Information Needs	4	4
New Publication on Adjustable Rate Mortgages	3	7
Regional Research Report--Innovative Housing	4	22
Your Home, Your Choice--A Workbook for Older People and Their Families	4	20
POVERTY		
In-Kind Income--Effect on Poverty	2	14
Measuring Poverty	2	9
Poverty Status of Persons and Families in 1983	4	20
Poverty Thresholds and Poverty Guidelines	1	17
MISCELLANEOUS		
BLS Consumer Expenditure Interview Survey Data Available	4	23
Female Farm Landlords, 1979	3	8
Geographical Mobility	3	7
Macroeconomic-Demographic Model	4	20
Research Report--Energy Conservation	1	15

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Consumer Prices

Consumer Price Index for all urban consumers [1967 = 100].

Group	Unadjusted indexes			
	Nov. 1985	Oct. 1985	Sept. 1985	Nov. 1984
All items	326.6	325.5	324.5	315.3
Food	311.0	309.8	309.9	304.1
Food at home	296.6	295.3	295.6	292.4
Food away from home	351.3	350.3	349.9	337.7
Housing	355.0	354.4	353.8	340.9
Shelter	391.3	389.1	386.9	368.9
Rent, residential	271.7	269.9	267.7	254.8
Fuel and other utilities	392.1	395.6	400.5	387.5
Fuel oil, coal, and bottled gas	641.6	615.3	601.7	626.9
Gas (piped) and electricity	440.5	453.9	466.5	444.7
Household furnishings and operation	248.9	248.4	247.1	244.2
Apparel and upkeep	211.2	211.1	209.6	205.2
Men's and boys'	203.6	203.2	201.5	197.8
Women's and girls'	176.5	177.9	176.1	170.4
Footwear	215.5	212.3	210.9	212.9
Transportation	323.2	320.9	319.7	316.1
Private	317.0	314.7	313.6	310.8
Public	412.8	411.5	408.0	391.8
Medical care	413.0	410.5	408.3	387.5
Entertainment	269.0	268.4	266.8	259.0
Other goods and services	335.3	334.9	333.3	316.5
Personal care	285.4	285.0	284.1	276.3

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Highlights

Federal Data Sources

Terms in Family Financial Planning

"Newer" Frozen Plate Dinners and Entrees

Bulk Foods

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1986
No.2

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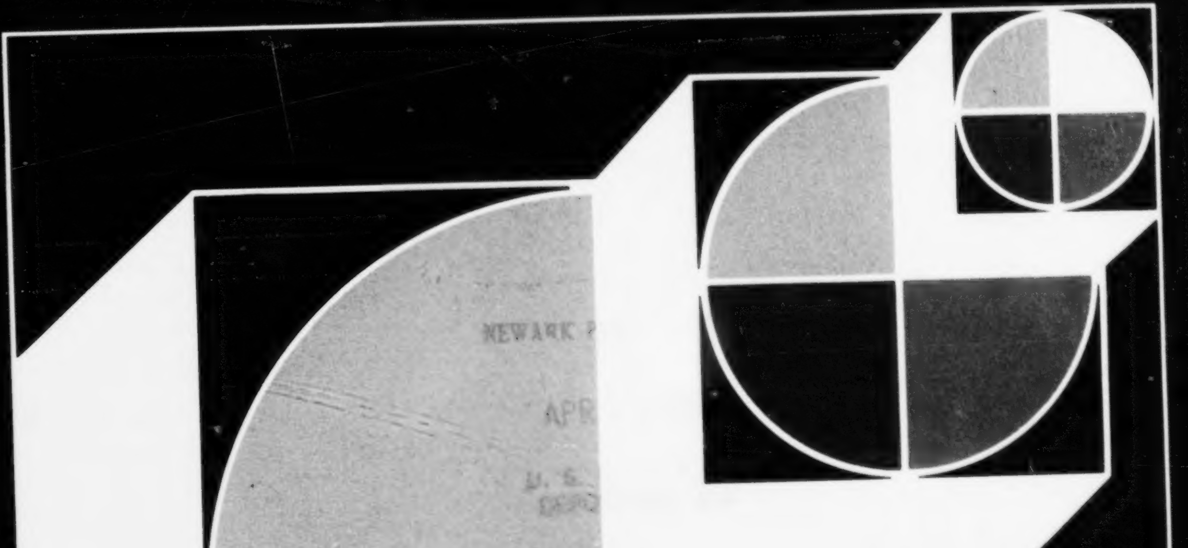

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Family Economics Review

1986 No. 2

Contents:

Editor
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Economic Outlook for Families--1986 1
Colien Hefferan

Farm Families: Economic Outlook for 1986 10
Kathleen K. Scholl

Recent Trends in Clothing and Textiles 17
Joan C. Courtless

Food Habits of Vietnamese Immigrants 28
Amy Tong

Abstracts

Award and Receipt of Child Support and Alimony 16

Food and Nutrient Intakes by Women and Children, Spring 1985 26

Households, Families, and Living Arrangements, March 1985 32

Regular Features

Some New USDA Publications 9

Some New USDA Charts 31

Consumer Prices 33

Updated Estimates of the Cost of Raising a Child 34

Cost of Food at Home, U.S. and Regions 36

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Issued April 1986

Economic Outlook for Families — 1986[1]

By Colien Hefferan
Economist

The economic environment in which families make decisions was characterized by sustained growth and moderate price increases in 1985. Slow growth in Gross National Product (GNP) and prices is projected for 1986.

Real GNP rose at a 4.3-percent annual rate in the third quarter of 1985, compared with a 1.1-percent annual rate in the first half and a 2.8-percent rate since mid-1984.[2] Growth was led by a strong increase in consumer spending in July, August, and September, with real final sales increasing at a 4.1-percent annual rate.[3] Prices, as measured by the Consumer Price Index for all Urban Consumers (CPI-U), rose 0.2 percent each month during the third quarter to an overall level 3.2 percent higher than the same quarter of 1984.[4]

Consensus forecasts for 1986 are generally conservative, suggesting real GNP will increase about 2.5 percent and prices 4.0 to 5.0 percent. Few forecast a major recession in 1986; similarly, few forecast strong, sustained growth. Factors that bode well for the economy in 1986 include a high level of consumer confidence; stabilizing, and in some cases declining, energy prices; and small inventories. Potential problems include persistently high real interest rates, high debt levels, surging imports, and excess industrial capacity.

Although economic growth and relative price stability during the past several years have improved the economic security of many families, the process of growth has been uneven and has created risks for individuals and families. Growth requires that both labor and capital be continuously reallocated to their most efficient uses. In this process, new industries replace established ones and production shifts from one sector, region, or nation to another.

The process of resource reallocation, coupled with other economic trends such as shifting imports and exports and changing demand for products and skills, have been particularly critical for some segments of the population. Farmers and their families; workers in mining, heavy industries, and textiles; and households with just one adult available to work have seen their opportunities for advancement and financial security diminish. In addition, all families find that in periods of rapid economic change financial decision making is both more complicated and more important.

This paper reviews the economic conditions and trends affecting both the income and expenditure sides of the family ledger, as well as indicators of the ability of families to balance the two. Financial management issues are examined in light of current economic conditions and the outlook for families.

Employment and Income

Employment and income trended upward in 1985, extending a 3-year path. Both are likely to continue growing in 1986, although at a diminishing rate.

Civilian **employment** reached 107.9 million in October, matching the record high employment-population ratio of 60.3 percent set in March 1985.[5] Over the year the number employed increased 2.2 million. Most of the employment gains occurred among adult women. Service sector and white-collar jobs were the primary focus of growth. More than half of the increase was among managers and professionals; in addition, strong gains were shown among administrative support workers. Manufacturing employment, including machine operators, assemblers, and inspectors, declined during the January-September period, however.

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[1] This article is adapted from a paper presented at the Agricultural Outlook Conference in December 1985 in Washington, DC.

[2] Estimates of GNP are published monthly in the Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis.

[3] October figures are based on flash estimates compiled from limited and preliminary data and therefore are subject to considerable revision.

[4] Monthly CPI data are published in News and the CPI Detailed Report, U.S. Department of Labor, Bureau of Labor Statistics. Current CPI information is also available via taped telephone message at 202-523-1239.

[5] Employment data are published monthly in News and Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment in 1985 stabilized near the 7 percent level, although rates varied widely by population and occupational groups. For example, in October, when the unemployment rate for all civilian workers was 7.1 percent, unemployment was 6.1 percent among whites, compared with 15.0 percent among blacks, and 6.2 percent among adults, compared with 20.1 percent among teenagers. Managerial and professional workers experienced 2.3 percent unemployment compared with 10.6 percent for operators, fabricators, and laborers.

Employment, of course, is the major factor influencing income. Wage and salary income, which amounts to about 60 percent of personal income, sustained growth of nearly 6 percent in 1985. Growth in total personal income, as measured in the aggregated National Income and Product Accounts (NIPA), slowed sharply in recent months, however, to an annual rate of 4.7 percent, down from 7.4 percent at the beginning of 1985. Declining farm income and personal interest income account for much of the slower growth in total income over the year.

The trend toward erosion of earned income and expansion of nonearned income that prevailed early in the decade will be reversed if wages continue to lead income growth in 1986. This would mean that relative income gains made by nonfamily households, including single elderly persons, would be lost (3). On the other hand, with trade pressures and with unemployment above its historical average, wage growth is likely to moderate in 1986. This would mean that gains would be similar across all sources of income and consequently the relative income position of earners and nonearners would remain about the same in 1986 as earlier in the decade.

The population is changing. There is a growing cohort of persons ages 25 to 39 in the population. This change most often has been associated with spending patterns, credit use, and saving, but it also has important implications for job opportunities and income levels. The economy has successfully expanded to create jobs for new workers; however, it has been less successful in creating opportunities for advancement. Currently, there is evidence of a growing "opportunity crunch" in which many workers find there are few chances for advancement. A growing number are responding by assuming the risks of self-employment and are joining the entrepreneurial movement. As more families have two earners, the costs and risks of self-employment are more easily borne within households. Self-employed workers and their families carry an extra burden for financial management activity in order to assure that they maintain adequate health insurance and retirement plans.

There are related employment and income consequences arising from changes in the population. As more families have entered the childbearing and rearing years, geographic mobility has declined. In 1970, one in five households moved; in 1984, one in six moved. Like the trend in self-employment, mobility also may be influenced by growth in the number of two-earner families.

Reduction in the poverty rate has been an important consequence of growing personal income. After increases in the number and percent of persons below the poverty line in 1982 and 1983, the poverty rate declined to 14.4 percent in 1984.[6] Following the pattern set in 1982 and 1983, however, poverty is becoming more concentrated among households with children under 18 years old, whereas households headed by persons 65 and older are less likely to be in poverty.

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[6] The poverty threshold for a family of four was $10,609 in 1984. It is expected to increase to about $11,000 in 1985. See "Poverty thresholds and poverty guidelines," Family Economics Review 1985(1):17-18, for details on calculation.

The poverty population may be changing in other ways as well. Duncan et al. argue that from year to year "an astonishing amount of turnover takes place in the low-income population" (1, p. 3). Changes in family composition, especially divorce and remarriage; movement into and out of the labor force; and other critical life events, such as illness and disability, generate massive swings in income and demands on income. Households in which the breadwinners work in trade-sensitive industries and those with only one earner will be especially vulnerable to such swings in 1986.

Information on household income lags that available on aggregate personal income by about 1 year. The latest figures show median family income rose to $26,433 in 1984, 3.8 percent above the 1983 level after adjusting for inflation (see table 1). Families in the West, married-couple families, and female-headed families with no husband present showed the greatest income gains. Although household income data for 1985 will not be available until the March 1986 Current Population Survey, trends in the personal income component of the NIPA, as well as continued labor force expansion, suggest that the income growth experienced in 1984 will extend into 1985 and 1986.

A major issue influencing income available to families in 1986 is proposed income tax reform. In 1983, the most recent year for which data are available, taxes absorbed about 21 percent of total income received by households (6).[7] Although the tax liability of families has declined in recent years as a result of the Economic Recovery Tax Act of 1981, not all families have benefited equally. The tax burden on families with children, female-headed families, and poverty level households has been of particular concern.

The House Select Committee on Children, Youth, and Families evaluated major tax reform proposals, concluding that those most "pro-family," adjusted the personal exemption to better accommodate the rising cost of children, increased the standard deduction or zero-bracket amount to reduce or eliminate tax on poverty level households, and extended tax-deferred Individual Retirement Accounts (IRA's) to full-time homemakers (7, 8). Many of these reforms are incorporated into tax plans currently debated in Congress (see table 2).

Expenditures

Consumer spending has driven the recent upturn in the economy much as it has led economic growth during the past several years. The question for 1986 is whether consumers can sustain spending at levels sufficient to continue fueling economic growth.

Spending is determined by willingness and ability to buy. Both of these factors were in abundant supply in 1985. The Index of Consumer Sentiment registered 96.0 in January 1985, up three points from its level at the close of 1984.[8] Although down slightly in September at 92.1, it continued strong throughout the year. Similarly, consumers entered 1985 with high and growing levels of personal income. Problems that may have distorted spending patterns in the past--such as rapid and erratic price increases, high nominal interest rates, and prolonged unemployment--were resolved for many families in 1985.

Inflation continued a subdued course in 1985. The price of consumer goods increased at an annual rate of only 0.4 percent from March through September. Aided by a flood of Japanese and European imports, the price of durable goods actually declined at a 4.5-percent annual-adjusted rate during the same period. Services, led by medical care, increased at a 5.3-percent annual rate, bringing the CPI-U to a 2.8-percent annual rate of increase for March through September. This year is expected to end with about a 3.3-percent increase in prices.

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[7] Taxes included Federal individual income taxes, State individual income taxes, FICA and Federal retirement payroll taxes, and property taxes on owner-occupied housing.

[8] This measure of consumer confidence is collected as part of the Survey of Consumer Attitudes by the Institute for Social Research, University of Michigan.

After years of living with the "false charm of inflationary growth" (5, p. 49), moderating costs have raised a new and somewhat unexpected concern: How to cope with the rigors of a noninflationary economy. In the seventies, inflation reduced the real cost of borrowing, encouraging families to mortgage future earnings to meet current consumption needs and wants. Inflation also reduced the value of cash balances, leading some families to deplete cash reserves in favor of illiquid, but inflation-resistant, assets. Today these households find that

Table 1. ***Comparison of median family money income in 1984 and 1983, by selected characteristics***

Characteristic	Median family income 1984	Median family income 1983 Constant dollars	Median family income 1983 Current dollars	Percent change in real money income
All families	$26,433	$25,465	$24,580	3.8
Race of householder:				
White	27,686	26,684	25,757	3.8
Black	15,432	15,028	14,506	2.7
Spanish origin[1]	18,833	17,566	16,956	[2]7.2
Region:				
Northeast	28,487	27,638	26,678	3.1
Midwest	26,753	25,620	24,730	4.4
South	24,094	23,305	22,495	3.4
West	28,077	26,513	25,592	5.9
Type of family:				
Married-couple family	29,612	28,268	27,286	4.8
Wife in paid labor force	34,668	33,263	32,107	4.2
Wife not in paid labor force	23,582	22,678	21,890	4.0
Male householder, no wife present	23,325	22,631	21,845	3.1
Female householder, no husband present	12,803	12,213	11,789	4.8

[1] Persons of Spanish origin may be of any race.

[2] Not statistically significant at .05 level.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Money income of households, families, and persons in the United States: 1983, Current Population Reports, Consumer Income, Series P-60, No. 146; calculations based on unpublished data from the March 1985 Current Population Survey.

Table 2. ***Selected features of current Federal income tax law and tax reform proposals before Congress, December 1985***

Feature	Current law (1986)	Administration proposal	H.R. 3838
Individual tax rates	14 brackets from 11 to 50 percent, indexed.	3 brackets: 15, 25, and 35 percent, indexed.	4 brackets: 15, 25, 35, and 38 percent, indexed.
Exemptions	$1,080, indexed.	$2,000, indexed.	$2,000, indexed, for nonitemizers. $1,500, indexed, for itemizers.
Standard deductions:			
Single	$2,480, indexed.	$2,900, indexed.	$2,950, indexed.
Joint	$3,670, indexed.	$4,000, indexed.	$4,800, indexed.
Head of household	$2,480, indexed.	$3,600, indexed.	$4,200, indexed.
Two-earner deduction	Yes.	No.	No.
Child care expenses	Tax credit of 30 percent, up to $720 for singles, $1,440 for marrieds.	Tax credit of 30 percent, up to $720 for singles, $1,440 for marrieds.	Tax credit of 30 percent, up to $720 for singles, $1,400 for marrieds.
Income averaging	Yes.	No.	No.
Health insurance	Employer paid premiums not taxed as income.	Employer paid premiums taxed up to $120/year for individual, $300/year for family.	Employer paid premiums not taxed as income.
Itemized deductions:			
State and local taxes	Deductible.	Not deductible.	Deductible.
Mortgage interest	Deductible.	Deductible for principal residence.	Deductible for 2 residences.
Other personal interest	Deductible.	Limited to $5,000 over investment income.	Limited to $20,000 over investment income.
Retirement savings:			
IRA	$2,000.	$2,000.	$2,000.
Spousal IRA	$250.	$2,000.	$250.

Source: Joint Committee on Taxation and House Ways and Means Committee, 99th Congress of the United States.

paying back debt with noninflated wages can severely strain the family operating budget. Similarly, inflation-resistant assets such as housing and farmland--which families borrowed money to purchase or borrowed against to finance other investments or needs--may have declined in value, resulting in declining net worth and increasing risk of bankruptcy.

Financial readjustments have been required for others as well. Retired persons living on interest income from savings have seen their earnings sink as inflation and, subsequently, nominal interest rates have declined. Many have responded by switching to high-risk investments in search of the inflated yields to which they became accustomed in the late seventies and early eighties. Some unionized workers who earned double-digit wage increases several years ago now are experiencing 2- and 3-percent nominal wage increases, resulting in stagnant or declining real wages.

Most families have benefited from disinflation, however. Those purchasing durable goods, such as cars, saw falling prices during 1985. Households with adjustable rate mortgages have paid declining mortgage payments. Savers setting aside money for long-range goals, such as education of children and retirement, became more confident of future purchasing power. Most importantly, disinflation has restored rational incentives to the economy, reducing speculative buying and investing. This has led to better market information for consumers, who, in turn, can make purchase decisions based on real needs rather than in anticipation of price increases. At the same time, investment has moved toward long-term expansion of productive capital rather than short-term financial manipulation. This lays the groundwork for future economic growth and steady improvement in family economic well-being.

Prices are poised for a modest upturn in 1986. Wage settlements negotiated in 1985 and anticipated for 1986 will put slight upward pressure on prices. Similarly, import restrictions currently debated could cost consumers more for clothing, sugar, automobiles, and home electronics. The prices of other basic consumer commodities, such as food and energy--which have been stable or declining in 1985--are unlikely to increase significantly in 1986.

Interest rates, like prices, exert a strong influence on consumer spending, particularly for durable goods, such as appliances and autos, and for housing. Although real interest rates remained high, nominal rates paid by consumers have declined steadily in 1985. For example, the average rate for 48-month new car loans offered by commercial banks was 13.16 percent in May 1985, compared with 13.71 percent in 1984.[9] Promotional rates offered by manufacturers and dealers in August and September further reduced the average rate for new car loans by 2 percentage points. Similarly, conventional mortgage rates declined more than 1 percentage point during the year to about 11 percent. As a result, auto sales reached a 9-year high in September and housing starts and sales generally maintained an upward path in 1985.[10]

The outlook for consumer interest rates in 1986 is clouded by continuing controversy concerning the impact of funding the Federal deficit on the demand for credit and uncertainty concerning Federal Reserve Board domestic monetary policy actions in light of the strength of the U.S. dollar. As much as 50 percent of net savings in the economy may be absorbed by Federal credit demands in 1986. This could place upward pressure on all interest rates, including those charged to consumers. At the same time, in efforts to further reduce the value of the U.S. dollar relative to foreign currencies, the Federal Reserve Board may act to ease monetary policy, thereby reducing interest rates. The unknown probabilities of these conditions and actions, combined with uncertain estimates of their consequences, have created wide and varied forecasts for interest rates. Predictions range from a 3-percentage-point increase to a 2-percentage-point decrease in mortgage rates and a 2-percentage-point increase to a 1-percentage-point decrease in installment rates. Real interest rates should remain in the same broad range in 1986 as in 1985, however, because deficit funding activities and Federal Reserve policies will have similar effects on both nominal interest rates and inflation.

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[9] Interest rate data are published in the Federal Reserve Bulletin, Board of Governors of the Federal Reserve System.

[10] Housing starts dipped to a 1.6 million-unit annual rate in September, down from about 1.8 million earlier in the year. The industry consensus is that this was an aberration that will be corrected before the end of the year.

What may differ in 1986, however, is consumer demand for adjustable rate loans. Adjustable rate instruments account for almost half of all new mortgages and perhaps 20 percent of new installment loans (2). These instruments allow lenders to shift the risk of fluctuating interest rates to borrowers. When interest rates were high, consumers flocked to adjustable rate loans that offered initial rate discounts. As rates stabilize, most consumers are likely to prefer the security of fixed rate financing for their homes and durable goods.

Households spent at record levels in 1985. Much of the demand for durable goods that was deferred from the 1980-81 recession, as well as new demand created by an increased rate of household formation generated by the baby boom, was met. Even with moderating prices and interest rates, consumer spending is expected to level off in 1986. Specifically, demand for durable goods will decline during the year, whereas spending on nondurable goods should remain stable and spending on services may increase. Over the longer term, spending for services likely will claim an increasing share of the household budget as service prices show high relative increases and as the U.S. population ages.

Net Worth

Consumer net worth, that is, assets minus liabilities, equaled about 350 percent of annual disposable income in 1985, up from about 330 percent in 1984.[11] The increase occurred in spite of significant decreases in the rate of saving and increases in consumer debt. It is primarily the product of rising stock values and growing pension assets. The outlook for 1986 is for continued growth in net worth relative to income. The portfolio of assets held by individuals and families may change significantly, however. The distribution of wealth among households also may change.

Savings plummeted to 2.8 percent of disposable personal income in August, as households increased personal expenditures and credit use. The rate of saving averaged only 4.4 percent through October 1985, down from averages of 7 to 8 percent through the midseventies and 6 percent in the late seventies and early eighties. The outlook is for the saving rate to recover slightly as incomes rise and expenditures moderate in 1986.

The trend toward low rates of saving has been explained by several factors. Demographic changes, including aging of the baby boom generation to the prime spending years and increasing numbers of two-earner families (who presumably have less need for the security of money in the bank), lead the theories of declining saving. Also, saving tends to move in a counter-cyclical pattern. During periods of economic expansion, consumers are optimistic and often respond by increasing spending and debt. During downturns, consumers retrench, reducing spending and debt and increasing their rate of saving. November 1985 marked the beginning of the fourth year of economic expansion. The current low rate of saving is characteristic of such a sustained expansion. Finally, declining nominal rates of return may be discouraging saving among those accustomed to the inflated returns earned several years ago.

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[11] Information on individual and household assets, liabilities, saving, and debt patterns are published in Flow of Funds and Sector Accounts, Board of Governors of the Federal Reserve System.

In 1985 there was a shift in the composition of savings, with a larger share moving into liquid accounts, stocks, and pensions in 1985 than in 1984. This suggests that savers have become very sensitive to changes in interest rates and are taking advantage of rising stock prices while holding other assets liquid in anticipation of improving rates of return. It also sets the stage for continuing portfolio adjustment in 1986.

Consumer debt grew at a record rate in 1985 to about $520 billion, up 20 percent from a year earlier. The ratio of consumer credit to disposable personal income was 18.9 percent, near the record set in 1979. Rapid growth in consumer credit has fueled controversy concerning the debt burden of families and the outlook for 1986. At issue is the point at which consumers will slow their credit buying. Those who see debt levels falling sharply in 1986 argue that consumers currently are overburdened and, with only modest increases in income projected for 1986 and most demand for durables met, neither able nor willing to add more debt. Others argue that although debt levels are high, actual repayment demands are low due to longer term credit obligations; net worth--particularly in the form of liquid assets--is high; and optimism remains strong. They predict only small decreases in growth in consumer debt in 1986.

Measurement of consumer debt loads is complicated because debt can include convenience use of credit cards as well as long-term borrowing. Forty percent of the households in the 1983 Survey of Consumer Finances reported using bank credit cards; half of those paid the debt in full each month. This use of credit as a substitute for cash or checks has raised the debt-income ratio 1 percentage point since 1977 (4). Most families do not perceive this as an increase in their debt burden, however. Similarly, the ratio has been raised by a change in the average maturity of auto loans from 3 years in 1974 to 4 years today; this has increased the total credit costs of such loans but has improved the cash flow of auto borrowers. As more households use credit for convenience purposes, actively manage cash flow, and are exposed to new credit instruments introduced as the result of financial deregulation, consumer credit is likely to expand during the late eighties. Whether this expansion signals a problem for families will depend on the purposes for which they are using credit and their ability to manage increasingly complex financial instruments.

Financial Management Issues

Families will enter the late eighties with the benefits of a sustained period of economic growth behind them. They have used this growth to increase net worth, acquire durables, and adjust to noninflationary spending and saving patterns. They have demonstrated growing economic sophistication and financial management skills during the past several years. This will aid them in meeting the goal of financial independence in a world of growing economic interdependence.

The economic environment affecting family choices is expanding. World economic issues, particularly currency exchange rates and trade; national political policies, particularly income tax reform; and interstate and regional agreements, such as those in banking and industrial development, will affect the income opportunities and marketplace choices available to individuals and families throughout the remainder of the decade.

Tax reform is an important part of the political and economic agenda for 1986. Proposed reforms attempt to simplify the Federal income tax system by reducing the number of tax brackets and deductions and streamlining the definition of taxable income. This could generate lower marginal tax rates coupled with higher taxable incomes. Families may need to relearn the basic principles of tax planning in 1986.

Family financial management will be influenced in 1986 and beyond by several legislative and regulatory actions signaling a modest return to consumer protection initiatives. For example, agencies regulating credit practices issued rules effective January 1, 1986, that will prohibit certain remedies used to enforce consumer credit obligations.[12] Prohibited remedies will include confessions of judgment, wage assignments, and pyramiding of late charges. Also, co-signers will receive a notice explaining co-signer obligations.

A more controversial form of consumer protection has been proposed by professional organizations representing the financial planning industry. They would like to see official registration, certification, or licensure of financial planning professionals to protect consumers from unscrupulous financial advisors. As the financial planning industry grows, tension between those who wish to limit entry into the profession and those advocating an open market likely will work to move this issue to the consumer agenda.

The most significant change in financial services in 1986 is likely to be the continued expansion of interstate banking. Although official policy in this country over the last 50 years has opposed interstate banking, efforts to circumvent this policy have been numerous and growing. Large banking organizations now conduct a wide range of banking activities across State lines. About 7,600 offices of out-of-State banks provide services through consumer finance companies, loan production offices, and Edge Act Corporations. Other banking services, such as credit cards and automated teller machines, operate without bank offices. "Nonbank banks," such as retailers and financial corporations, provide similar services across State lines.

Closely related to changes in the banking system is the issue of regulatory reform of deposit insurance. If financial institutions become larger as the result of interstate banking, the risks to insurance funds will become more concentrated. Given this, and the increasing--although still low--rate of bank failures and the collapse of several State-supported deposit insurance systems, regulatory reform is likely to be proposed soon. This could be a significant expansion in consumer protection.

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[12] Agencies included are the Federal Reserve Board, Federal Home Loan Bank Board, and the Federal Trade Commission.

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Some New USDA Publications

The following are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, 202-783-3238.

- Economic Structure and Change in Persistently Low-Income Nonmetro Counties. 1985. Stock No. 001-019-00413-4. $2.25.
- Food Consumption, Prices, and Expenditures, 1964-84. 1985. Stock No. 001-019-00423-1. $4.25.
- The Diverse Social and Economic Structure of Nonmetropolitan America. 1985. Stock No. 001-019-00389-8. $1.50.

Farm Families: Economic Outlook for 1986[1]

By Kathleen K. Scholl
Consumer economist

Some farm families had to make the difficult decision to leave their farming businesses in 1985. Unless the economic factors that influence the agricultural sector make positive movements in the near future, additional farm families will be faced with the same decision in 1986. Although individual farmers and their families cannot make a direct impact upon the macroeconomic factors that influence their situation, they can take actions to provide some protection for the family from further adverse economic conditions.

MACROECONOMIC INFLUENCES

Background and Situation[2]

The current distress among farmers is rooted in the inflationary decade and high farm income of the seventies and adjustment to sharply different economic conditions of the eighties. Throughout the seventies, farmers faced rapidly expanding exports, accelerating inflation, and low to negative real interest rates. High commodity prices increased farm income, providing both the incentive and financial means for farm expansion. As the value of farmland increased with the prospects for future growth in farm income, farmers used this additional wealth as a base on which to borrow heavily to invest in new capital equipment, adopt new production technologies, and purchase increasingly expensive farmland. Between 1970 and 1981 the value of farmland rose by 306 percent nationally (4) and debt-to-asset ratios of farms declined.

The early eighties brought an abrupt halt to prosperity in the agricultural sector. Commodity prices fell world wide; the value of the dollar rose rapidly against major currencies, further dampening export demand; and inflation was slowed by stringent control of monetary growth. Real interest rates jumped to unprecedented levels of 8 to 10 percent. Rising production costs coupled with lower prices received by farmers increased fluctuations in net farm income. Revenue prospects were dimmed even further by droughts in the early eighties. Not only did land price escalation halt in 1981 as a result of these developments, but prices since then have declined substantially in some of the most prominent farming areas. Interest rates on real estate debt skyrocketed, making the purchase of farmland and refinancing more burdensome. Farmers' debt levels, which were based on the value of farmland in the seventies, no longer were sustainable on the declining land values of the eighties. Farmers whose solvency depended on continuously rising land values or who pursued an aggressive expansion strategy were pushed toward financial failure.

Impact on Farm Families

Although farm families always have experienced fluctuations in levels of income from one year to another, the great variability of net farm income since the late seventies makes it difficult for farm families to make financial management plans. As depicted in the chart on p. 11,[3] real farm income experienced a steady increase through the sixties, then varied from a per-farm high of $9,144 in 1973 to a low of $2,121 in 1983. The levels of living of farm families with declining farm income deteriorated as the prices of the goods and services they purchased for consumption continued to rise.

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[1] This article is adapted from a paper presented at the Agricultural Outlook Conference in December 1985 in Washington, DC.

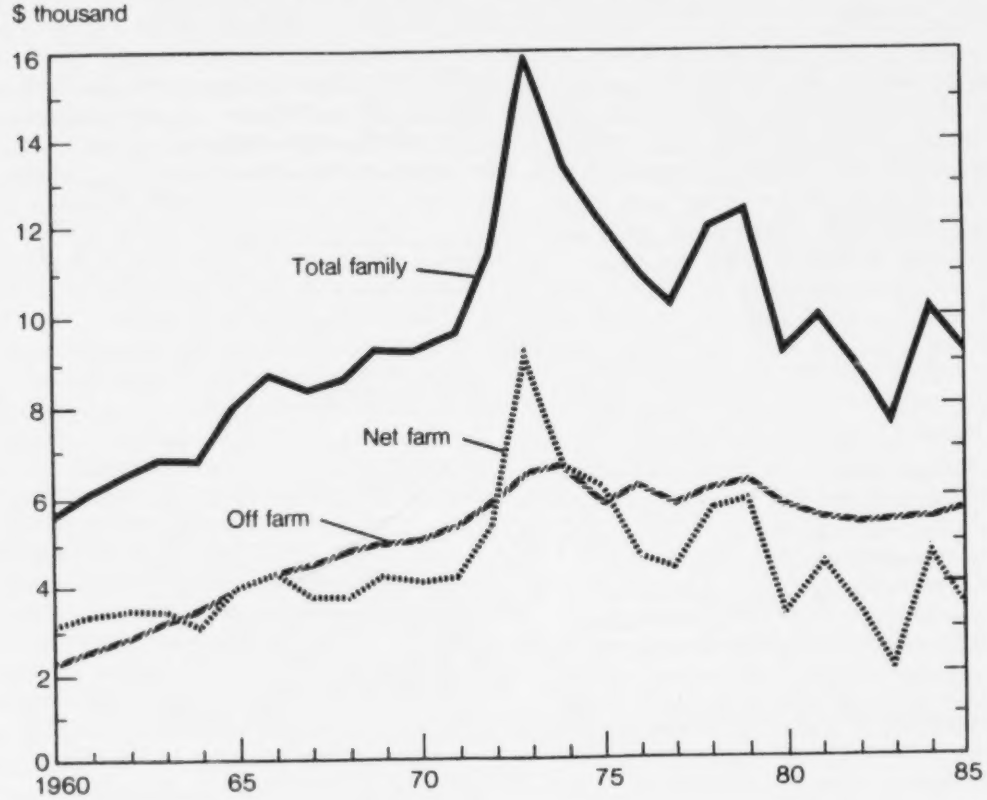
[2] This section extensively utilizes information contained in references 5 and 11.

[3] Note that the data points in the chart were calculated by dividing aggregate income data by the number of farms. Averages, however, present statistical aberrations. The large number of rural residential small farms distorts the off-farm income averages, whereas large net farm incomes of a few large farms distort net farm income averages. For example, large farms with agricultural sales of $500,000 or more constitutes 1 percent of all farms, produce about one-third of all U.S. farm production, and earn about 4 percent of their total income off the farm. Whereas, minifarms with agricultural sales of $2,500 or less constitutes about 25 percent of all farms, produce less than 1 percent of all farm production, and earn over 100 percent of their income off the farm. (On the average, these farms have a negative net farm income, and off-farm income is used to balance the losses.)

The majority of farm families use off-farm employment as a means to provide a safety net for their widely fluctuating farm income. This is not a new economic reaction by farm families; for 16 of the last 18 years, off-farm income has exceeded net farm income. Since the midseventies, real farm income has declined on a per-farm basis, whereas off-farm income has been fairly stable (chart). When combined together into total family income, however, fluctuations as exhibited in net farm income still are present. Many families experience negative total family income, even after combining net farm income with off-farm income (see box on p. 12).

The majority of farm families have a farm operator whose primary occupation is farming (8). This, together with the fact that the larger share of total family income is from off-farm earnings, suggests that families are sending someone other than the main operator into the labor market. They may feel that the full-time farming status of their operation is in jeopardy if the male (95 percent of all farm operators (8)) is employed off the farm; therefore, other

Income of Farm Operator Families (In 1967 Dollars)



1985 forecast.

Sources: U.S. Department of Agriculture, Economic Research Service, 1984, Economic Indicators of the Farm Sector: Income and Balance Sheet Statistics, 1983, ECIFS 3-3, table 51. U.S. Department of Agriculture, Economic Research Service, 1985, Agricultural Outlook, AO-113, p. 16. and unpublished data.

family members are employed off the farm. Farm women, especially, are continuing to enter the labor market at a rapid pace. Although the labor force participation rate increased in the seventies for all women, the rate of increase for farm women was approximately 170 percent of that of their nonfarm counterparts--42.4 percent, compared to 25.0 percent (see Family Economics Review 1983(1):10).

Data from a recent study (7) in a Missouri corn belt county, of farmers who had left their farms over the last few years, suggests that many women work off the farm regardless of the farm's financial situation, whereas men usually seek outside employment at the downturn of the farm operation. About nine-tenths of the families indicated they had intended for the farm to provide most of the family's income; but even when the farm operation was at its largest, one-third of the men and one-half of the women earned off-farm income. When financial stress reached its maximum during the last year of farming, 60 percent of the men and 57 percent of the women held off-farm employment. Ten percent felt they could have kept their farm if they could have gotten a nonfarm job, but 50 percent apparently recognized the limitations of this income-generating strategy, saying they could not keep the farm even if they had a nonfarm job. Apparently, a few of the farm families under severe financial stress viewed off-farm employment as a way to preserve their chosen farm lifestyle, but more

NEGATIVE HOUSEHOLD INCOME

Using the value of agricultural sales to define farm size, the proportion of farms that had negative total household income[1] in 1984 varied little by size of farm. Interestingly, the smallest sales class was least likely to experience negative income. Within the $40,000 to $99,999 sales class, which is sometimes considered to be family-sized farms, 3 of 10 farm households had income of less than $10,000.

Farm size	Total household income: Negative income	$0 to $9,999	$10,000 or more
		Percent	
All U.S. farms	15	18	67
Sales of--			
$9,999 and less	12	25	63
$10,000-$39,999	18	19	63
$40,000-$99,999	18	11	71
$100,000-$499,999	17	6	77
$500,000 and over	17	1	82

[1] The definition of total household income used here differs from the official USDA total family income concept presented elsewhere in this article because the value of the change in inventories is omitted.

Source: Ahearn, Mary, Jim Johnson, and Roger Strickland, 1985, The distribution of income and wealth of farm operator households, (Talk presented at the American Agricultural Economics Association Meetings, Ames, IA, August 5, 1985), U.S. Department of Agriculture, Economic Research Service.

(especially male operators) used it as a means to exit farming and enter another career.

In the early eighties nearly one in four people living on farms lived in poverty (9). The high poverty rate has been fairly stable over the eighties.[4] The needs of farm people are placing a heavy burden upon local and State governments in depressed farming areas. As revenues decline from lower taxes received, local and State government agencies are unable to provide costly services and economic support for farm families and other families seeking assistance.

As local businesses experience a slowdown from less spending by farm families, they too must curtail their economic activity. Often this results in fewer employment opportunities or high unemployment in the small farm community, which can be devastating to the local farm family who is dependent on off-farm employment.

Agricultural banks, which often are the financial centers of the rural community, are encountering problems as they try to serve the growing financial needs of the rural community. Banks are under severe financial stress as some borrowers are not paying interest on their loans and loan losses at these banks have risen. In addition, farm families who have a poor cash flow are using personal and household savings accounts for living expenses and for retiring farm debt. The resulting decline in rate of increase of savings accounts, coupled with a decline in farmland values, results in a downward economic spiral for agricultural banks. In 1985, 68 agricultural banks failed; these represent 58 percent of all bank failures (3).

Since commercial banks provide about one-fourth of all outstanding farm credit, they can provide information on the economic well-being of farms. Agricultural members of the American Bankers Association in the 1985 Midyear Farm Credit Survey estimated that 3.8 percent of all farmers filed for bankruptcy (2). The rate has more than tripled in the last 3 years (1).[5]

ECONOMIC PROJECTIONS AND IMPACT ON FARM FAMILIES

A general slowdown in the economy with a stabilization of real family income is forecast for 1986 (see "Economic Outlook for Families--1986," by Colien Hefferan, p. 1 of this issue). A gradual decline in economic well-being is projected for farm families. The economic position of farm families will be relatively worse than predicted for families in the rest of the economy. Farm families with predominantly cash grains, general livestock, or dairy operations will continue to experience financial stress. The Corn Belt, the Lake States, and the Northern Plains regions will sustain the highest concentration of families under severe financial stress.

Although 1984 was the best year of the eighties for net farm income, great variability continues. Net farm income for 1985 is forecast to be near the level obtained in 1981 (see chart). Assuming no major policy changes or weather disruption in the year ahead, net farm income in 1986 is projected to be near or slightly lower than the 1985 level. With a decline in net farm income, the 1986 U.S. farm economy will continue to be sluggish.

According to a recent USDA survey (6) of 1.7 million farms,[6] about 214,000 farms are estimated to be experiencing financial stress because of a combination of high debt load (a debt-to-asset ratio of at least 40 percent) and an inability to generate enough cash to meet production expenses, repay debt installments on principal and interest, and provide for family living expenses. An estimated 38,000 farms are technically insolvent, with debts exceeding the value of their assets.

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[4] A trend over a longer period of time cannot be tracked, since the separate poverty threshold for persons living on farms was eliminated in 1981. The elimination of the differential increased the number of farm families in poverty by about 20 percent.

[5] The number of farms filing for bankruptcy could increase with passage of pending legislation (HR 2211) that would raise for family farms the debt ceiling of Chapter 13 of the bankruptcy code. Because debts are so high, most family farms must file under the tougher provisions of Chapter 11.

[6] The survey's estimate of the total number of U.S. farms is less than that counted by the 1982 Census of Agriculture, primarily because the census included 253,147 farms with sales of less than $1,000. Most of the farms undercounted by the survey are in the smallest sales classes.

An effect of this financial stress on farm families will be an increased dependency on off-farm employment, with the labor force participation of farm women projected to continue to rise. As indicated earlier, farm families may need to travel beyond their local communities as unemployment will continue to be extremely high in economically depressed farming areas.

In an effort to stop the erosion of farmland prices and to prevent further slippage of their assets, agricultural lenders are temporarily retaining the farmland they obtain through foreclosure. Therefore, farm tenancy is anticipated to increase in the short run as farmers who were owner operators rent farmland. Some farmers eventually will reenter farming as owner operators as the price of farmland stabilizes.

FARM FAMILY FINANCIAL MANAGEMENT

For the following discussion, families are classified into four groups.

Group 1. The majority of farm families (88 percent) are not experiencing severe financial stress (6). Nevertheless, they will need to give increased attention to family financial management in 1986. As the value of farm assets continues to decline, some of these farm families will begin to experience severe financial stress. They will need professional assistance to preserve or to prevent deterioration of their current financial position.

Families who conceptualized goals and financial plans in the midseventies when income peaked will need to develop new plans. These high levels should not be anticipated in a realistic financial plan for the rest of this decade.

Guidance materials from the State Cooperative Extension Service (for an example, see Farm Family Living Expenses--Taking Control (10)) can be used to analyze the farm family's current financial management plan or develop new plans. These aids are designed specifically for farm families and can help them determine cash flow for family living expenses. These guidance materials identify discretionary budget categories that can be cut when expenses exceed farm family income.

The financial plan needs to incorporate saving, insurance, and retirement. As income from farming dwindled, many farm families excluded those protections for the family. Now they need inexpensive ways to reduce their high personal risks. Some farm families provide group health insurance for family members through off-farm employment. Other employment fringe benefits, such as life insurance, also provide economic security that the self-employed, farm-operator family otherwise may be unable to afford. Since farm operators are not required to pay self-employment tax when net farm income for the year is less than $400, and since spouses of self-employed farm operators are excluded from earning Social Security credits for their contribution to the farm business, a limited number of farm-operator families presently qualify for Social Security benefits as retired workers, disabled workers, or survivors. Farm families, however, can continue coverage on the operator by paying self-employment tax on gross income in bad years. Paying into the Social Security system would provide minimal protection for the farm family. Although most farm families do not currently need or seek income tax shelters, payment into an IRA or Keogh account will allow them to establish a savings plan for retirement.

Group 2. About 10 percent of all farm families are having severe financial problems. Highly leveraged and with poor cash flows, families in this group are concerned about maintaining their desired farming lifestyle.

Off-farm employment of the farm woman is an economic strategy implemented by many financially stressed farm families. More than a replacement of the "egg and butter" money of the previous farming era, off-farm earnings have, in many instances, kept the family on the farm. Of the farm women who worked off the farm in 1980, one-fourth stated that they worked because farm income was inadequate to pay farm expenses. These women, however, were not pleased with their role as economic provider and were significantly less satisfied with farming as a way to make a living than women who worked off the farm for other reasons.

Farm families who are dependent on off-farm earnings must receive the maximum return for their investment of time and skills; a career guidance counselor may be able to identify broad options for both spouses. Since women on the average earn less than men (they earn 65 cents, compared to every dollar that men earn), the farm couple may be able to obtain a better rate of return if the husband works off the farm while the wife runs the farm operation.

Limitations in the availability of off-farm employment and other factors such as unmarketable skills may prevent many financially stressed families from entering the labor market. Alternative approaches for increasing family economic well-being include increased household production for the family's own consumption and the bartering of home-produced goods and services with others in the community.

The financially stressed farm family needs to carefully scrutinize all purchases for the home and farm. Many households may find it difficult to control family living expenses, which appear small compared to the massive amounts spent on agricultural supplies and equipment.

In an effort to maintain economic viability, some farm families are making tradeoffs with their independence. For example, some farm families are encouraging nonfamily investors into limited partnerships or the addition of nonfamily stockholders into family corporations. Fringe benefits, such as farm vacations and hunting privileges, may be offered to lure city partners.

Today's farm families need to be autonomous from the farm, especially if the farm has a debt-to-asset ratio of 40 percent or more. They no longer can use personal savings and checking accounts to finance the farm; doing so jeopardizes the family's economic well-being. Using one financial account for both the household and farm in some situations may allow farm creditors access to all of the family's finances.

Group 3. Two percent of all operating farms are technically insolvent (6). Apprehensive about the family's economic security, this group has the greatest need for financial counselors, educators, social workers, and county extension workers. Some may have used household savings to pay farm debts and lack funds to begin a new lifestyle or a new career.

Farm families facing foreclosure of the farm mortgage need to develop an economic strategy to protect the family's finances from farm creditors. These families may need to turn to privately funded and government programs and services for support until they can relocate.

Group 4. A small group of families seek to reenter farming or to enter farming for the first time. These families need guidance on beginning a farm lifestyle--typically as tenant farmers, although some eventually will be able to purchase land. This beginning group will need specific counseling in how to develop a healthy farm financial environment for their families.

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Award and Receipt of Child Support and Alimony

The third in a series of surveys to obtain data on child support and alimony was conducted by the U.S. Bureau of the Census in 1984 and sponsored, in part, by the Office of Child Support Enforcement, U.S. Department of Health and Human Services. Similar studies were conducted in 1979 and 1982, and the results were presented in Current Population Reports, Special Studies, Series P-23, Nos. 112 and 140.[1]

As of spring 1984, 8.7 million mothers were living with children under age 21 whose fathers were not living with them. Of these women, 58 percent were awarded or had an agreement to receive child support payments, and 46 percent had been due payments in 1983. Of those due payments, one-half received the full amount due, one-quarter received partial payments, and the remaining one-quarter received no payments. Although the child support award rate of 58 percent reported in 1984 did not change significantly from the rates reported in the two previous surveys, the proportion of women receiving payments increased from 72 percent in both 1979 and 1982 to 76 percent in the 1984 survey.

The mean amount of child support for women who received payments in 1983 was $2,341, compared with $1,799 received in 1978. After adjusting for inflation during the period from 1978, the average child support payment showed a 15-percent decrease from the 1978 figure. However, child support payments as a percentage of the average income of men remained at about 13 percent during this period.

As in the previous two surveys, the women most likely to be awarded and to receive child support payments were white women and women with 4 or more years of college. Women with voluntary written agreements received 88 percent of the amount they were due, whereas women with court-ordered payments received only 58 percent of the amount due.

Of the 17.1 million ever-divorced or currently separated women as of spring 1984, 14 percent were awarded alimony payments. The alimony award rate did not change significantly from that reported in the two previous surveys. The mean amount of alimony received by women in 1983 was $3,980, which represents 22 percent of the average income of men.

Of the 14.5 million ever-divorced women as of spring 1984, 37 percent were awarded a property settlement, compared with 42 percent in 1982 and 44 percent in 1978, which appears to establish a downward trend. Women with property settlements had a higher average total income ($12,920) than women without property settlements ($10,370).

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Child support and alimony: 1983, Current Population Reports, Special Studies, Series P-23, No. 141.

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[1] See "Child support and alimony: 1978," Family Economics Review, fall 1981, pp. 15-16, and "Child support and alimony," Family Economics Review 1985(4):24.

Recent Trends in Clothing and Textiles[1]

By Joan C. Courtless
Family economist

Clothing Expenditures and Prices

In 1985 apparel and upkeep prices, as measured by the Consumer Price Index (CPI),[2] rose 4.4 percent over 1984 (table 1). This is the first time since 1969 that clothing prices have increased at a higher rate than prices for the "all items" category. Women's suits and women's separates and sportswear led the increase in clothing prices; only prices of boys' and girls' footwear, and men's coats and jackets declined during the year.

Annual spending for clothing and shoes in 1985 is estimated at $617 per person according to preliminary figures for the first three quarters of 1985 (table 2). This amount exceeds 1984 spending by $25 per person; 76 percent of the increase can be attributed to higher prices and 24 percent to increased buying.

When the effect of inflation is removed, the percentage of personal consumption expenditures for clothing and shoes shows gradual increases since 1970 (indicated by constant dollars in table 2). The rise in per capita expenditures for clothing (in constant dollars) further supports the premise that consumers have increased their clothing purchases over the years.

In current dollars, however, clothing is a shrinking percentage of personal consumption expenditures. This can be attributed, in part, to the many years when clothing prices increased at a lower rate than prices for other items. Data from the U.S. Bureau of Labor Statistics' Consumer Expenditure Survey (CES) provide further evidence of this trend. Consumer units spent an average of 5.5 percent of their total expenditures on apparel and related services (current dollars) (17). This share was unchanged in 1982-83 from 1980-81. A previous CES conducted in 1972-73 found that 7.7 percent of total expenditures were allotted to apparel and related services (16).

Trade in Textiles, Apparel, and Footwear

The increasing trade deficit in textiles and apparel was the dominant clothing and textiles issue in 1985. In 1984 this deficit reached $11.9 billion, the largest in history and 44 percent higher than in 1983. The textile and apparel trade deficit for 1985 probably will exceed this amount; for the first 9 months of 1985 it was 6 percent higher than during the same period in 1984. Volume of textile and apparel imports (in square yards equivalent) was up only 0.5 percent for the first 9 months of 1985 compared with the same period in 1984. Corresponding changes in volume by fiber were cotton, 6 percent lower; wool, 4 percent higher; and manmade, 2 percent higher. The trade deficit for textiles for the January-September 1985 period was down 2 percent from the same period in 1984; volume of textile imports was down 10 percent. The trade deficit for apparel was 8 percent higher for the first 9 months of 1985 than during the same period in 1984; in square yards equivalent, apparel imports were up 4 percent.

Quotas established under multilateral or bilateral agreements limit the number of apparel items that most foreign countries can export to the United States. Therefore, producers in exporting countries realize maximum profits by upgrading the value of the garments shipped to this country. Higher priced imported apparel helps to explain why the trade deficit increased at a higher rate than volume during the first 9 months of 1985. The CPI for clothing items is also affected by this higher priced imported merchandise because imports are such a large

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[1] This article was adapted from a paper distributed at the Annual Agricultural Outlook Conference in December 1985 in Washington, DC.

[2] Consumer Price Index for Urban Wage Earners and Clerical Workers.

Table 1. ***Percent change in prices of apparel and upkeep, December 1984 to September 1985***[1]

Group and item	Percent change (annualized)
All items	+3.6
Apparel and upkeep	+4.4
Men's and boys' clothing	+3.4
Men's	+3.3
Suits, sport coats, and jackets	+3.9
Coats and jackets	-2.2
Furnishings and special clothing	+5.5
Shirts	+7.1
Dungarees, jeans, and trousers	+0.3
Boys'	+4.0
Coats, jackets, sweaters, and shirts	+8.3
Furnishings	+1.4
Suits, trousers, sport coats, and jackets	+1.9
Women's and girls' clothing	+7.7
Women's	+8.5
Coats and jackets	+7.8
Dresses	+6.0
Separates and sportswear	+13.6
Underwear, nightwear, and hosiery	+2.0
Suits	+24.0
Girls'	+4.1
Coats, jackets, dresses, and suits	+6.6
Separates and sportswear	+2.5
Underwear, nightwear, hosiery, and accessories	+3.1
Infants' and toddlers' clothing	+5.3
Other apparel commodities	+1.0
Sewing materials and notions	+1.9
Jewelry and luggage	+0.7
Footwear	-0.4
Men's	+1.9
Boys' and girls'	-3.8
Women's	+0.1

[1] Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Source: Calculated from the CPI Detailed Report, December 1984 and September 1985, U.S. Department of Labor, Bureau of Labor Statistics.

Table 2. ***Annual expenditures on clothing and shoes***[1]

Year	Per capita expenditures[2]		Percent of personal consumption expenditures		Aggregate expenditures	
	Constant dollars (1972)	Current dollars	Constant dollars (1972)	Current dollars	Billions of constant dollars (1972)	Billions of current dollars
1960	$203	$148	8.1	8.2	$36.6	$26.7
1961	203	149	8.1	8.2	37.3	27.4
1962	209	154	8.1	8.1	38.9	28.7
1963	209	156	7.9	7.9	39.6	29.5
1964	222	166	8.1	8.0	42.6	31.9
1965	227	172	7.9	7.8	44.2	33.5
1966	239	186	8.0	7.9	46.9	36.6
1967	236	192	7.8	7.8	46.9	38.2
1968	242	208	7.7	7.8	48.6	41.8
1969	245	223	7.6	7.8	49.6	45.1
1970	240	227	7.4	7.5	49.2	46.6
1971	249	244	7.5	7.6	51.6	50.5
1972	264	264	7.5	7.5	55.1	55.1
1973	281	291	7.7	7.6	59.2	61.3
1974	279	308	7.8	7.3	59.1	65.3
1975	288	328	7.9	7.2	61.4	70.1
1976	293	345	7.7	6.9	63.8	75.3
1977	306	375	7.8	6.9	67.5	82.6
1978	331	415	8.1	6.9	73.6	92.4
1979	341	440	8.3	6.6	76.7	99.1
1980	342	459	8.4	6.3	77.9	104.6
1981	359	497	8.7	6.2	82.6	114.3
1982	362	511	8.7	6.0	84.2	118.8
1983	377	541	8.8	5.9	88.5	127.0
1984	408	592	9.1	6.0	96.5	140.2
1985[3]	414	617	9.0	5.9	98.9	147.3

[1] Includes yard goods, but excludes services such as cleaning and repairing clothing and shoes.

[2] Calculated by dividing aggregate expenditures for each year by population figures for July of each year.

[3] Preliminary figures--average of estimates for first 3 quarters of 1985 (i.e., seasonally adjusted quarterly totals at annual rates).

Sources: Calculated from U.S. Department of Commerce, Bureau of the Census, 1985, Population estimates and projections, Current Population Reports, Series P-25, No. 974; and U.S. Department of Commerce, Bureau of Economic Analysis, 1985, Survey of Current Business 65(7):11 (tables 2.2 and 2.3), and personal communication.

share of the U.S. retail apparel market--42 percent of all apparel, excluding underwear and accessories, was imported in 1984 (6).

The domestic textile and apparel industries are finding it difficult to compete with foreign producers who have access to low-cost labor, Government subsidies, and Government protection from imports. This situation has been exacerbated by fraudulent practices to evade quota restrictions (such as false labeling and smuggling), and by the comparative strength of the U.S. dollar against foreign currencies. Some U.S. apparel manufacturers have established overseas operations where garments are assembled and sewn together from components originating in the United States. Because labor costs are lower in developing countries, such products then can be sold at lower (more competitive) prices than if they were made entirely in the United States. Others connected with the U.S. textile and apparel manufacturing industries have lobbied members of Congress to enact legislation that would offer them protection from further massive increases in import penetration. Those in opposition to this legislation are equally vocal and include retailers and importers (who believe higher prices for the American consumer would result), and members of leading export industries (who believe they would suffer retaliation from foreign markets).

The import issue has been of critical concern to the shoe industry. The International Trade Commission determined that imports of nonrubber footwear are causing substantial injury to a domestic industry in the United States and recommended an increase in duty or import restriction necessary to alleviate the injury. On August 28, 1985, President Reagan made the decision (8) that granting import relief would not be in the national economic interest for three reasons:

1. Import relief would place a costly burden on the U.S. economy and consumers. Jobs in the shoe industry have an average annual wage of $14,000, but each job created or saved by restricting imports would cost the Nation's consumers $26,300 through higher priced shoes.

2. Import relief would result in serious damage to U.S. trade through retaliatory actions by foreign suppliers and by adversely affecting the ability of these foreign suppliers to import goods from the United States.

3. The shoe industry is successfully adjusting to increased import competition by consolidating to become more efficient, investing in the most advanced equipment, diversifying into profitable retail operations, and using imports to supplement product lines.

The U.S. Department of Labor announced an initial commitment of $5 million for a program that will retrain shoe workers who become unemployed because of foreign imports. Governors of shoe producing States were asked to participate in establishing retraining programs under the Job Training Partnership Act.

Supplies, Prices, and Consumption of Fibers

World production of fibers was 11 percent higher in 1984 than in 1983. Natural fiber production rose by 14 percent, increasing from 53 percent of all fibers in 1983 to 55 percent in 1984 (10).

The 1985 U.S. mill consumption of total fibers is estimated at 46.3 pounds per capita. This includes 11.5 pounds of cotton, 0.5 pound of wool, and 34.3 pounds of manmade fibers. Per capita use in 1984 was 45.7 pounds, including 11.5 pounds of cotton, 0.6 pound of wool, and 33.6 pounds of manmade fibers. Since 1960, 1984 was the only year in which domestic consumption increased as mill consumption decreased (see chart). This is reflected in the growing textile trade deficit.

Cotton. The 1985 domestic cotton crop is expected to be about 13.8 million bales, up 6 percent from 1984. Cotton prices are expected to drop in 1986 because the 1985 surplus (forecast at 4.6 million bales) added to 1984's ending stocks would yield nearly 9 million bales in carry-over.

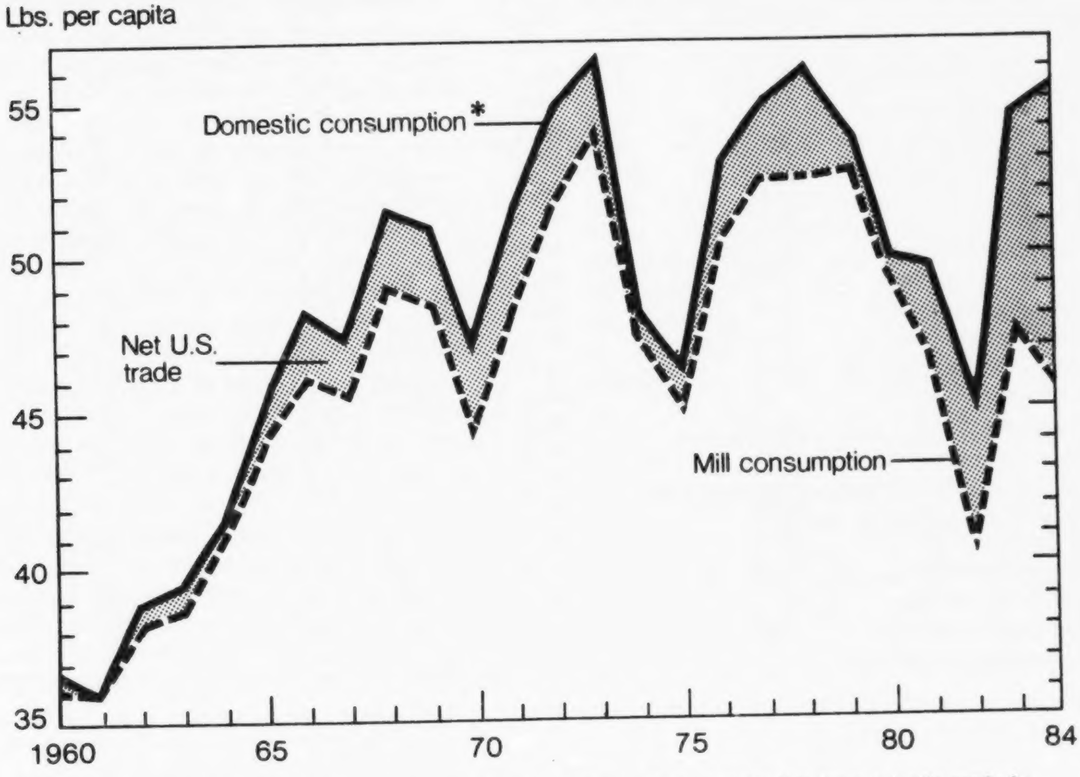
Cotton's share of U.S. mill use was less than 25 percent in 1984. Textile imports, almost 50 percent cotton, raised cotton's share of U.S. fiber consumption to 30 percent (table 3). In 1984 over 37 percent of total U.S. domestic cotton consumption was in the form of imported textiles. Hong Kong and China were the largest suppliers of U.S. imported cotton textiles, 19 and 14 percent, respectively. About 25 percent of the cotton in textile imports was grown in the United States. Korea and Japan were the two largest markets for U.S. raw cotton exports, purchasing 44 percent of total 1984 cotton exports. Consequently, almost 79 percent of cotton textiles imported from Korea were manufactured with U.S. cotton. Other countries that used a high percentage of U.S. cotton in their mills include Taiwan (40 percent) and Hong Kong (33 percent).

Wool. U.S. wool production for 1985 is estimated at more than 8 percent below the 1984 yield. Mill consumption of apparel wool is expected to be 17 percent below the 1984 level. Increased imports of wool textiles and apparel contributed to this decrease in mill demand.

Between 60 and 70 percent of the raw wool used in U.S. mills is imported. After increasing by 27 percent in 1983 and 21 percent in 1984, raw wool imports are expected to drop by about 10 percent in 1985.

U.S. farm prices for wool in 1985 should reflect lower mill demand, and average about 10 cents per pound less than in 1984. Prices paid to American farmers are influenced by those paid for foreign wool, however. A weakened dollar would cause prices of imported wool to rise, and domestic prices would also rise above this estimate.

Net U.S. Trade in Textile Products



* Domestic consumption includes mill consumption plus the raw fiber equivalent of net U.S. trade in textile products.

Manmade fibers. Shipments of manmade fibers by U.S. producers during the first 8 months of 1985 were 1 percent above shipments a year earlier (11) and only 2 percent above the 1983 level (9). In 1984 almost 75 percent of all fibers used by U.S. mills were manmade; 57 percent of all fibers used for apparel were manmade (11).

Developments in Fibers and Fabrics

Fabrics made entirely of wool, cotton, linen, and silk continue to constitute a substantial portion of the textile market for clothing. Fiber blends, however, are becoming more prevalent in both foreign and domestic garment production. Because the Multi-Fiber Agreements (MFA) specify numbers of garments made of cotton, wool, or manmade fibers that may be imported, foreign

Table 3. *Annual domestic consumption*[1] *of fibers*

Year	Total fibers (pounds per capita)	Cotton	Wool	Manmade
		Percent		
1960	36.6	64.4	8.2	27.5
1961	35.9	61.7	8.1	30.2
1962	38.8	59.6	7.9	32.5
1963	39.4	56.1	7.5	36.4
1964	41.5	54.9	6.2	39.0
1965	45.3	53.5	6.0	40.5
1966	48.2	52.7	5.3	41.9
1967	47.3	50.2	4.5	45.2
1968	51.4	43.4	4.5	52.1
1969	50.9	40.9	4.2	54.9
1970	47.0	42.8	3.6	53.6
1971	51.5	39.7	2.5	57.8
1972	54.8	36.3	2.4	61.2
1973	56.2	32.7	1.7	65.5
1974	48.1	33.2	1.4	65.4
1975	46.3	31.7	1.6	66.7
1976	53.0	32.1	1.8	66.1
1977	54.9	28.7	1.8	69.5
1978	56.0	28.3	1.9	69.8
1979	54.1	27.4	1.8	70.8
1980	49.9	29.2	1.9	68.9
1981	49.6	29.0	2.1	68.9
1982	45.2	29.9	2.1	68.0
1983	54.5	29.1	2.2	68.7
1984	55.4	30.1	2.6	67.3

[1] Domestic consumption includes mill consumption plus the raw fiber equivalent of net U.S. trade in textile products.

Source: U.S. Department of Agriculture, Economic Research Service, 1985, Cotton and Wool Outlook and Situation Report CWS-43, p. 17.

producers are succeeding in circumventing these quotas by using blends with ramie, linen, or silk.[3]

American designers are influenced by the infinite aesthetic effects that can be achieved by blending two or more fibers. Fiber blends being promoted for 1986 will emphasize a shiny, lustrous appearance and bright, vibrant colors that are possible by combining rayon, acetate, and/or acrylics with cotton or wool. Improved fiber performance, lower costs, and consumer demand also are cited by domestic fiber producers as reasons for using fiber blends.

Garments of 100-percent cotton yarn are accepted by American consumers for year-round use. Cotton clothing is available in all price ranges and in most garment types including coats, jackets, sweaters, shirts, dresses, skirts, and underwear. Cotton end-use in women's sweaters has nearly tripled in the last decade.

Because low-cost imports of high-volume yard goods are forcing many textile mills to lay off workers or close,[4] some textile companies are diversifying by developing special-use, high-priced fabrics that are aimed at small segments of the population. To compete with expensive Gore-Tex (a teflon membrane laminated to a breathable synthetic fabric that is waterproof), several firms are producing water-repellent, breathable synthetic sports fabrics to be used in running suits and other actionwear. For example, Versatech is water-resistant and made of tightly woven superfine polyester yarn with no chemical coating and no need for lining. Apparel makers may choose Versatech for its price advantage and its suitability for mild climates. Another example is Bion II, a polyurethane coating that is sprayed on a fabric to produce a breathable, waterproof material. In 1985-86, a one-piece ski suit of Bion II will be available; future applications include tents, hiking jackets, raincoats, and disposable surgical gowns and sanitary products.

A new permanent flame-resistant pile fabric, blended of 65 percent rayon and 35 percent wool, has been patented (4) and will be known as "Glentec." It is designed as an inner fabric for lining garments used in fire-hazardous jobs, such as in the military. A proposed application is in airline seat upholstery. Other performance characteristics include warmth without weight, durability, washability, pile recovery capability, shrink resistance, and easy dyeability. The fabric has been approved by the U.S. Surgeon General and is nontoxic.

A fine-denier nylon yarn called "Supplex" became available in 1985 (1). It is considered to be softer, with a more natural hand, and lighter in weight than conventional nylon, and is appropriate for all broadwoven nylon end uses such as lightweight jacket shells, ski wear, and active wear.

For 6 years Lycra spandex in 20-denier count has been used in the manufacture of sheer hosiery to provide stretch, fit, comfort, a "silky" hand, run-resistance, and good dyeing properties. A 10-denier Lycra has become available (1), and at least 5 major hosiery mills are using it to produce ultrasheer pantyhose. Promotional materials emphasize the "silky" hand, sheerness, and fit in an effort to overcome any stigma associated with the fiber's use in support hosiery.

The Wool Bureau, Inc., is participating in an international program to increase demand for wool knitted jersey by establishing it as a standard fabric option available to designers of apparel (5). In a three-part marketing effort directed towards knitters, apparel manufacturers, and retail buyers, the Wool Bureau will seek to ensure that knits are considered an alternative to wovens from season to season and year to year. In 1985 the Wool Bureau's technicians worked with knitters to develop new fabrications that can be engineered to adapt to fashion requirements for silhouettes, patterns, and seasonal weights. In 1986 the Wool Bureau will help the knitters promote jersey fabrics to manufacturers and store buyers.

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[3] Non-MFA apparel imports increased by 171 percent in 1984, compared with a rise of 21 percent in MFA-covered apparel imports; non-MFA sweater imports increased by 280 percent, compared with an 8-percent increase in MFA sweater imports during the same year (3).

[4] During the first 6 months of 1985, more than 40 domestic textile mills closed and over 7,000 workers became unemployed (7).

Trends in Retailing

Over the last decade department stores have lost retail sales to specialty shops and off-price stores. The major advantages once held by department stores--one-stop shopping and credit--have been nullified by the enclosed shopping mall and the availability of bank credit cards. In order to become more competitive and to update their image, some department stores are eliminating their least profitable merchandise classifications. Examples of departments being discontinued include fabrics, as well as major appliances, books, budget "stores," and toys.

A major retail catalog establishment for over 100 years, Montgomery Ward & Co., has announced the closing of its catalog operations, which had sustained losses since 1979. Other retailers are establishing highly profitable direct-mail divisions. A recent innovation is the selling of advertising pages in up-scale catalogs; national advertisers are enthusiastic about the well-targeted audience which can be reached through this print medium, and the retailer can anticipate large profits.

Private labels are appearing on top quality merchandise in a concerted effort to win customers away from name brands. Because name brands can be purchased in most stores including "off-price" outlets, they are subject to intense price cutting. Many of the largest retailers hope to achieve higher profits by stocking well-made, fashionable garments bearing their exclusive label that they alone can sell.

Federal Legislation and Regulations Related to Textiles and Apparel

Amendment to rules and regulations under the Wool Products Labeling Act of 1939 and Textile Fiber Products Identification Act (1958). Public law 98-417, effective December 24, 1984, amended the Wool Act to require imported products to be labeled with the country of origin. Both the Textile Act and Wool Act were amended to require domestically manufactured products to be labeled as "Made in the USA" (2). The objective of the legislation was to clarify and improve country of origin labeling requirements for textiles and to increase consumer awareness at the time of purchase. Both acts were further amended to require:

1. The country of origin disclosure to be placed in the neck of the garment or, for garments without necks, on a conspicuous place on the inside or outside of the product.
2. All products to be separately labeled. (Hosiery packaged for direct sale to the consumer, however, may have all required information on a label affixed to that package.)
3. All packages (in addition to the products) to be labeled, unless the package is transparent and the individual product label can be seen through the package.
4. Mail order catalogs and mail order promotional materials to disclose in the description of each textile and wool product whether the product is made in the USA, imported, or both.

The Federal Trade Commission (FTC) further amended the rules and regulations, effective May 17, 1985, so that final regulations for the disclosure of the country of origin of imported textile and wool products (including those under the "807" program for textile or wool products assembled and sewn together in a foreign country of components from the United States) would be consistent with U.S. Customs Service regulations.[5]

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[5] For further information, see "Recent trends in clothing and textiles," by Joan C. Courtless, Family Economics Review 85(2):6-7.

Requirements for the three different categories of domestic origin disclosure were defined as follows:

1. For products made entirely in the United States, the regulation provides that the words "Made in USA," or the equivalent, must be used.

2. For products made in the United States using foreign materials, the words "Made in the USA of imported fabric," or similar terms, must be used.

3. For products partially manufactured in the United States and partially manufactured in a foreign country, the regulation requires a disclosure that the product was, for example, "Sewn in USA of imported components."

The FTC requires a manufacturer to go back one step to determine origin--a manufacturer of yarn would look to the source of its fiber and a manufacturer of cloth would designate the source of its yarn. For products having both domestic and imported components or manufacturing operations, the foreign aspects may be described in general terms, such as "imported," rather than by specifying the foreign country involved.

The FTC added provisos permitting placement of the disclosure label in proximity to another label already affixed to the inside center of the neck, provided it is conspicuous to the consumer. Alternately, required information (origin, fiber content, and manufacturer's name) may be placed on a hang tag or label attached in a conspicuous place on the inside or outside of the garment, provided a label with country of origin is affixed to the inside neck in the center or just adjacent to the center label. Thus, a standard location for the country of origin is preserved, crowding of information in the neck area is alleviated, and the pre-existing requirement that all required information appear on the label together is retained.

Regulations concerning mail order catalogs and mail order promotional materials were amended to make clear that they apply only to advertising that solicits the retail buyer to purchase a product by telephone or mail without first examining that product. Regular advertising that attracts the retail buyer to the store to purchase the product is not covered.

The FTC suggests that mail order catalogs include a legend explaining the meaning of their country of origin disclosures. Also, mail order catalogs should use the phrase "Made in USA and Imported" to indicate partial manufacture in USA and partial manufacture in a foreign country, whereas "Made in USA or Imported" should be used when a product's source may be both domestic and foreign.

Employment of home workers in certain industries. The ban on employment of home workers in the knitted outerwear industry, which lasted nearly 40 years, has been rescinded (15). In the judgment of the U.S. Department of Labor, such a ban unfairly deprives persons of the right to work at home if they so choose.

In order to prevent the circumvention or evasion of the minimum wage provisions of the Fair Labor Standards Act, employers of industrial home workers in the knitted outerwear industry are required to obtain certificates from the U.S. Department of Labor authorizing such employment; this requirement was effective December 5, 1984. Employers without a certificate will be prohibited from employing home workers. Violations of the Fair Labor Standards Act can result in the denial or revocation of existing certificates for a period up to 1 year. The employer may be required to restore back wages found due employees. Goods produced in violation of the act are prohibited from commercial interstate shipment.

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Food and Nutrient Intakes by Women and Children, Spring 1985

The first report from USDA's Continuing Survey of Food Intakes by Individuals (CSFII) presents 1-day food and nutrient intake data for 1,503 women 19 to 50 years of age and their 548 children 1 to 5 years of age.[1] One-day dietary intakes on these individuals are being collected six times during a 1-year period that began in spring 1985. A future report is planned that will present the data for all 6 days. The CSFII, conducted by the Human Nutrition Information Service of the U.S. Department of Agriculture, is the first nationwide dietary intake survey to be performed on a regular basis in this country.[2] The survey complements the larger nationwide food consumption surveys conducted by USDA approximately every 10 years. The yearly data collection will provide up-to-date information on the adequacy of diets of selected population groups and early indications of dietary changes.

In the spring of 1985, the women reported dietary intakes for themselves and their children that were generally higher in food energy and as high or higher in all vitamins and minerals studied than the intakes reported by a comparable group of women and children in the spring of 1977 as part of USDA's Nationwide Food Consumption Survey 1977-78. Dietary intakes by both women and children were relatively lower in fat and higher in carbohydrate in 1985 than in 1977. The women in the CSFII survey reported diets that provided 37 percent of total Calories from fat--down from 41 percent in 1977; and 46 percent of total Calories from carbohydratedrate--up from 41 percent in 1977. Total Calories consumed were 6 percent higher in 1985 than in 1977.

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[1] Copies of the report, GPO No. 001-000-04458-3, are available for $4.25 from the Superintendent of Documents, Government Printing Office, Washington, DC 20402 (202-783-3238).

[2] For a more complete description of the survey, see "Continuing Survey of Food Intakes by Individuals," by Robert L. Rizek and Linda P. Posati, Family Economics Review 1985(1):16-17.

Women's intakes on average (regardless of income, race, region, or urbanization) were above the 1980 Recommended Dietary Allowances (RDA) for 8 of 15 nutrients but failed to meet the RDA for vitamin B-6, vitamin E, folacin, calcium, iron, magnesium, and zinc. Children's intakes of food energy and nutrients, expressed as percentages of the 1980 RDA, were higher in 1985 than in 1977. However, their iron and zinc intakes failed to meet the RDA (88 percent and 84 percent, respectively) in 1985.

Both women and children reported drinking a higher percentage of lowfat or skim milk than whole milk in 1985. They both used more grain products. Women shifted away from eating meat separately toward eating meat as part of mixtures, such as stews, and so forth (see table below). A higher proportion of women reported use of soft drinks in 1985 than in 1977.

Eating snacks was reported by larger percentages of women and children in 1985 than in 1977. In 1985, 76 percent of the women and 83 percent of the children identified one or more of their eating occasions as a "snack." In 1977, 60 percent of the women and 62 percent of the children reported one or more snacks. In 1985, 57 percent of women and 43 percent of children obtained and ate some food away from home on the day of the survey, compared with 45 percent of women and 30 percent of children in 1977.

Source: U.S. Department of Agriculture, Human Nutrition Information Service, 1985, Women 19-50 Years and Their Children 1-5 Years, 1 Day--1985, Nationwide Food Consumption Survey, Continuing Survey of Food Intakes by Individuals, NFCS, CSFII Report No. 85-1.

Use of selected foods in a day in spring 1985, by women ages 19 to 50, and change from spring 1977

Food group or subgroup	Individuals using	Mean intakes	
		1985	Change from 1977 to 1985
	Percent	Grams	Percent
Total meat, poultry, and fish	88	181	-3
Meat mixtures	37	88	+35
Beef (reported separately)	23	27	-45
Pork (reported separately)	20	14	-22
Poultry (reported separately)	19	22	-8
Fish and shellfish (reported) separately)	12	13	+18
Total fluid milk	51	141	-5
Whole	26	64	-35
Lowfat or skim	26	77	+60
Eggs	24	18	-28
Total vegetables	83	173	-8
Total grain products	94	209	+29
Grain mixtures	26	74	+72
Total carbonated soft drinks	54	287	+53
Regular	36	179	+28
Low-calorie	20	105	+123

Source: U.S. Department of Agriculture, Human Nutrition Information Service, 1985, Women 19-50 Years and Their Children 1-5 Years, 1 Day--1985, Nationwide Food Consumption Survey, Continuing Survey of Food Intakes by Individuals, NFCS, CSFII Report No. 85-1.

Food Habits of Vietnamese Immigrants

By Amy Tong
Home economist
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Since 1975, a large number of Vietnamese refugees have fled to the United States from South Vietnam. The Vietnamese are making a relatively rapid assimilation into American society. Nevertheless, these immigrants encounter many problems in making the transition, including a different climate, an unfamiliar language, scarce or expensive housing, lack of employment, and culture shock. Unfamiliar food and a different food marketing system are among the most immediate problems confronting Vietnamese immigrants.

TRADITIONAL FOOD HABITS

In Vietnam, food is purchased daily. Vendors sell meat, seafood and fish, fresh produce, and other foods in open markets.

The Vietnamese spend much time in food preparation. Meat and vegetables are cut into bite-size pieces before they are cooked. Cooking methods include boiling, steaming, stir-frying, simmering, and charcoal broiling.

In the homeland, a Vietnamese typically consumes three meals a day. Breakfast is usually a light meal served with a soup called pho (which contains rice noodles, thin slices of beef or chicken, bean sprouts, and fresh herbs), or eggs with french bread, or sticky rice with mung beans (xoi). Lunch and dinner are more substantial, consisting of several dishes served communal style. Rice is eaten with small quantities of fish, seafood, or meat; soybean curd (tofu); and fresh vegetables. Other dishes include soup and fresh fruits.

The Vietnamese use fish sauce, nuoc mam, as a condiment and as a seasoning in addition to soy sauce and salt. Nuoc mam is prepared by fermenting layers of fresh fish and salt in large barrels. After several months, a liquid that contains significant amounts of protein and other water-soluble nutrients is drained off. The first draining is considered to be the best quality fish sauce (nuoc mam nhut).

Tea typically is consumed at every meal. The Vietnamese will drink carbonated beverages but only occasionally. Fresh cow's milk and other dairy products, however, are nearly unknown. In the cities the well-to-do have acquired a taste for canned, sweetened condensed milk and often use it in breakfast coffee.

CHARACTERISTICS OF VIETNAMESE IMMIGRANTS (3)

More than 0.5 million Vietnamese have been admitted to the United States since 1975. Forty percent of this population resettled in California, and the remaining 60 percent are scattered across the country. The greater Washington, DC, area has the largest number of Vietnamese immigrants of any metropolitan area in the Nation.

The high educational level of Vietnamese immigrants has contributed to easing language and employment barriers compared to immigrants from other countries. Over 36 percent have attended college. Monthly take-home income of Vietnamese immigrants is higher than that of Cambodian and Laotian immigrants.

The Vietnamese live in nuclear or extended families with an average of five members. This large size has made it difficult for many families to find appropriate housing immediately. However, with a socially ingrained ethic of shared familial responsibility and a lifestyle oriented toward few goods, minimal luxury, and a propensity to save, many Vietnamese have been able to purchase single-family dwellings.

DIETARY PATTERNS IN THE UNITED STATES

What has happened to Vietnamese dietary habits in the United States? Have the Vietnamese families adopted an American diet? Or have they maintained the traditional food patterns? A limited survey conducted in 1979 provides some insights into the food patterns of Vietnamese immigrants (2).

Detailed information on food habits of 50 households of Vietnamese immigrants who came to the greater Washington, DC, area in 1975 was obtained through a dietary recall of the type of meals, the foods used (aided by a comprehensive food list), and the increase or decrease in consumption of selected foods in the United States compared with Vietnam. The interview was aimed at the female household member who was most responsible for family food preparation. A discussion of the major findings follows.

Changes in Food Practices

In the United States, the Vietnamese generally changed their food buying practices--that is, they made purchases less often and shopped for food in oriental food stores and supermarkets. Many dietary modifications occurred as well.

Although rice continued to be eaten abundantly by all 50 households at least once a day (at supper in the evening), it had been partially replaced or supplemented by bread or instant noodles at lunch and cereals at breakfast. The consumption of red meat and poultry was higher in this country, where costs are more reasonable than in the homeland. On the other hand, fish and seafood were eaten much less because of the lack of fresh and familiar kinds in the supermarkets. The survey further showed a decrease in consumption of bananas and an increase in consumption of oranges and juices.

In all, 30 percent of the families in the survey changed their eating habits after they came to America, but the remaining 70 percent did not change at all. Those who had modified their eating patterns cited various reasons. For example, many women worked outside the home; consequently, they had less time to shop for familiar foods. These women also had less time than in Vietnam to prepare traditional meals and had none of the kitchen help that many previously depended on. Of course, there is always pressure to one degree or another to adapt to the American lifestyle. This pressure seemed to be greater in Vietnamese families having children in school. As a result of their school participation in the American ways of life, the children often become the agents in bringing about changes in the traditional food habits. Nevertheless, the Vietnamese immigrants, particularly the older generations, continued to eat native foods because they are foods they like and have always eaten. Also, this adherence to traditional food habits provided psychological stability and reassurance during the period of great uncertainty which developed as the refugees moved from one country, with its tradition and culture, to a country that is totally different.

Dietary Overview

Rice, vegetables, poultry, fruit, and pork and pork products were the five types of food most frequently eaten by the Vietnamese immigrants. Milk and milk products was the least used of the basic food groups. Problems associated with drinking milk due to lactose intolerance have been reported to be high among the Vietnamese (1). Respondents expressed dislike for some American foods (see table). Reasons frequently cited were texture, flavor, and high fat content.

American foods liked and disliked by Vietnamese immigrants[1]

Food items	Number of households
Likes:	
Steak	20
Fried chicken	14
Roast beef	12
Barbecue	5
Spaghetti and meatballs	4
Ham	3
Cheeseburgers	3
Potato chips	3
Turkey	2
Macaroni and cheese	1
Potato salad	1
Apple pie	1
Dislikes:	
Hot dogs	24
Hamburgers	18

[1] 50 households surveyed in Washington, DC, in 1979.

Source: Tong, A., 1979, Food habits of Vietnamese immigrants in the greater Washington, DC, area, [Unpublished thesis, Howard University, Washington, DC].

All 50 household respondents had tasted American food--8 at the homes of American friends, 22 at restaurants, and 18 at both places. Only 2 families had tried American food in their own homes only.

Compared to the American diet, the diets of the Vietnamese immigrants had a much smaller amount of meat and fat and dairy products. The Vietnamese generally ate adequate amounts of starch and fiber. The average number of times people had foods from the fats, sweets (cookies, cakes, and so forth), and alcohol group was relatively low. On the other hand, the consumption of soft drinks was high.

Guidance for Nutrition Educators

The diet of Vietnamese immigrants is basically a healthy one. The Vietnamese should be encouraged to maintain their good dietary habits and modify poor food practices by reducing the amount of salt and increasing the consumption of milk and dairy products.

Nutrition educators and health service providers must be aware of cultural differences when providing nutrition advice. With nutrition education, balanced diets based on readily available American foods (yet prepared in a traditional manner) are possible--and may even in the long run enrich America's diverse dietary patterns and culinary heritage.

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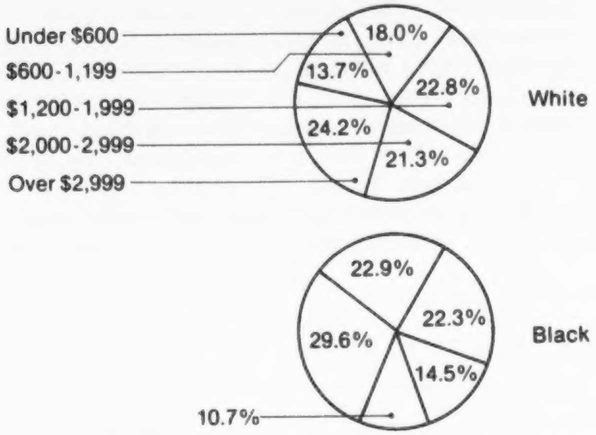
Some New USDA Charts

Chart 142

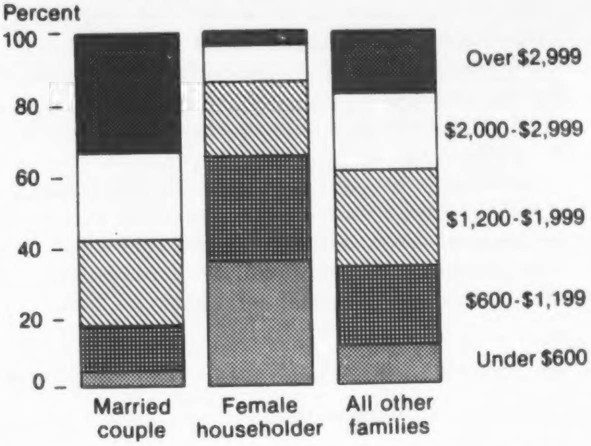
Monthly Household Cash Income by Race



First quarter, 1984 data. Average income. Source: Survey of Income and Program Participation, Bureau of the Census.

Chart 143

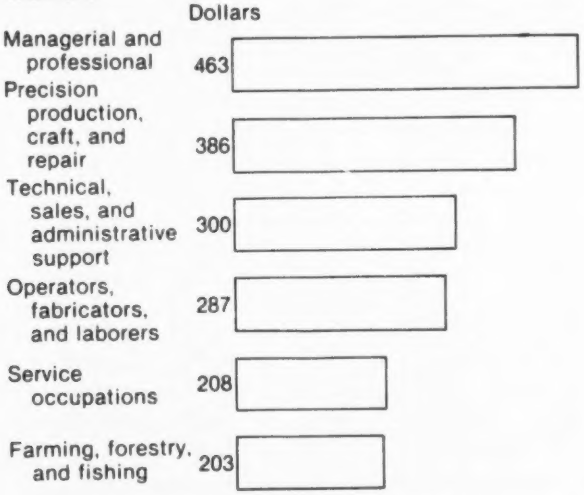
Monthly Household Cash Income by Family Household Type



First quarter, 1984 data. Average income. Households headed by females had children under 18, but no husbands present. Source: Survey of Income and Program Participation, Bureau of the Census.

Chart 144

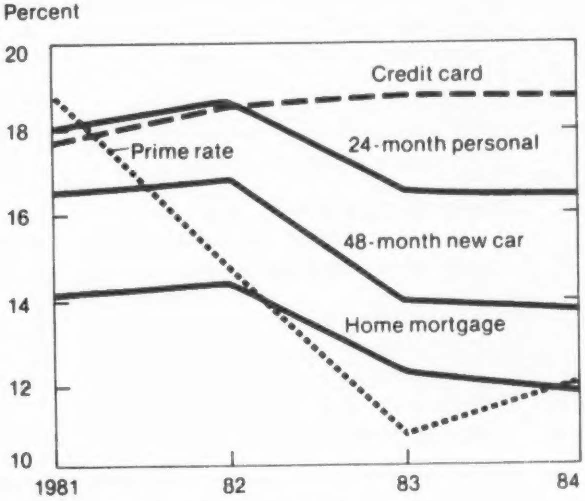
Weekly Earnings, Full-Time Wage and Salary Workers



1984 median earnings. Source: Bureau of Labor Statistics.

Chart 146

Loan Rates



Annual averages. Source: Federal Reserve Bulletin.

Households, Families, and Living Arrangements, March 1985

There were approximately 86.8 million households in the United States in March 1985, a net increase of about 1.4 million households over the previous year. Since 1980 the number of households has increased by an average of 1.2 million annually, compared with 1.6 million annually from 1970 to 1980.

Nonfamily households accounted for the greatest proportion of the increase in the number of households between 1980 and 1985 (48 percent). Married-couple households accounted for the smallest share of the increase (21 percent), whereas those family households not maintained by married couples accounted for 32 percent.

The share of all households represented by families has fallen slightly since 1980 but is substantially below the corresponding proportion for 1970 (see table below). In 1985 there were 50.4 million married-couple families. Of other family households, 10.1 million had a female householder (no husband present), and 2.2 million had a male householder (no wife present). There were 24.1 million nonfamily households, 14.0 maintained by women and 10.1 maintained by men.

The average number of persons per household was 2.69 in 1985--the lowest ever recorded. Corresponding numbers in 1980 and

Household composition--1985, 1980, and 1970

[Numbers in thousands]

Type of household	1985		1980		1970	
	Number	Percent	Number	Percent	Number	Percent
All households	86,789	100.0	80,776	100.0	63,401	100.0
Family households	62,706	72.3	59,550	73.7	51,456	81.2
No own children under 18	31,594	36.4	28,528	35.3	22,725	35.8
With own children under 18	31,112	35.8	31,022	38.4	28,731	45.3
Married-couple family	50,350	58.0	49,112	60.8	44,728	70.5
No own children under 18	26,140	30.1	24,151	29.9	19,196	30.3
With own children under 18	24,210	27.9	24,961	30.9	25,532	40.3
Other family, male householder	2,228	2.6	1,733	2.1	1,228	1.9
No own children under 18	1,331	1.5	1,117	1.4	887	1.4
With own children under 18	896	1.0	616	0.8	341	0.5
Other family, female householder	10,129	11.7	8,705	10.8	5,500	8.7
No own children under 18	4,123	4.8	3,261	4.0	2,642	4.2
With own children under 18	6,006	6.9	5,445	6.7	2,858	4.5
Nonfamily households	24,082	27.7	21,226	26.3	11,945	18.8
Male householder	10,114	11.7	8,807	10.9	4,063	6.4
Living alone	7,922	9.1	6,966	8.6	3,532	5.6
Female householder	13,968	16.1	12,419	15.4	7,882	12.4
Living alone	12,680	14.6	11,330	14.0	7,319	11.5

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Households, families, marital status, and living arrangements: March 1985 (Advance report), Current Population Reports, Population Characteristics, P-20, No. 402.

1970 were 2.76 and 3.14. Average family size also has declined, from 3.58 in 1970 to 3.29 in 1980 and 3.23 in 1985. These changes reflect, among other things, a decrease in the average number of persons under 18 years old in households and families and a substantial increase in the proportion of households that contain only one person.

One of the trends affecting changes in household and family composition has been an increase in the age at which young men and women typically get married. Median age at first marriage rose slowly between 1960 and 1970 but has increased dramatically since 1970. In 1985 the median age was 25.5 years for men and 23.3 years for women--an increase since 1970 of 2.3 years for men and 2.5 years for women. The median for women is the highest ever recorded in the United States.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Households, families, marital status, and living arrangements: March 1985 (Advance report), Current Population Reports, Population Characteristics, P-20, No. 402.

Consumer Prices

Consumer Price Index for all urban consumers [1967 = 100]

Group	Unadjusted indexes			
	Jan. 1986	Dec. 1985	Nov. 1985	Jan. 1985
All items	328.4	327.4	326.6	316.1
Food	315.6	313.2	311.0	307.3
Food at home	302.5	299.3	296.6	296.1
Food away from home	353.1	352.1	351.3	339.9
Housing	356.8	355.8	355.0	342.0
Shelter	393.8	392.3	391.3	371.2
Rent, residential	273.4	272.4	271.7	257.1
Fuel and other utilities	394.6	393.3	392.1	387.2
Fuel oil, coal, and bottled gas	650.3	657.3	641.6	621.6
Gas (piped) and electricity	442.6	439.9	440.5	441.1
Household furnishings and operation	248.8	248.8	248.9	244.2
Apparel and upkeep	205.0	209.0	211.2	199.8
Men's and boys'	198.6	202.0	203.6	193.2
Women's and girls'	164.4	172.6	176.5	161.3
Footwear	209.1	213.1	215.5	208.6
Transportation	323.9	324.0	323.2	314.7
Private	317.3	317.8	317.0	309.1
Public	419.6	412.9	412.8	394.5
Medical care	418.2	414.7	413.0	391.1
Entertainment	270.8	268.3	269.0	261.0
Other goods and services	339.1	336.5	335.3	319.1
Personal care	288.1	286.3	285.4	277.2

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Updated Estimates of the Cost of Raising a Child

The cost of raising urban children: 1985 annual average; moderate-cost level[1]

Region and age of child (years)	Total	Food at home[2]	Food away from home	Clothing	Housing[3]	Medical care	Education	Transportation	All other[4]
MIDWEST:[5]									
Under 1	$4,430	$571	$0	$141	$1,905	$299	$0	$885	$629
1	4,560	701	0	141	1,905	299	0	885	629
2-3	4,244	701	0	230	1,674	299	0	771	569
4-5	4,494	805	146	230	1,674	299	0	771	569
6	4,701	779	146	318	1,588	299	141	771	659
7-9	4,883	961	146	318	1,588	299	141	771	659
10-11	5,065	1,143	146	318	1,588	299	141	771	659
12	5,406	1,169	175	459	1,646	299	141	828	689
13-15	5,536	1,299	175	459	1,646	299	141	828	689
16-17	6,070	1,454	175	636	1,703	299	141	913	749
Total	90,100	18,206	2,218	6,218	30,024	5,382	1,692	14,618	11,742
NORTHEAST:									
Under 1	4,389	675	0	141	1,934	299	0	771	569
1	4,545	831	0	141	1,934	299	0	771	569
2-3	4,425	805	0	247	1,761	299	0	714	599
4-5	4,675	909	146	247	1,761	299	0	714	599
6	5,030	909	175	336	1,732	299	176	714	689
7-9	5,212	1,091	175	336	1,732	299	176	714	689
10-11	5,445	1,324	175	336	1,732	299	176	714	689
12	5,776	1,324	175	494	1,790	299	176	799	719
13-15	5,932	1,480	175	494	1,790	299	176	799	719
16-17	6,357	1,636	204	618	1,819	299	176	856	749
Total	94,976	20,800	2,450	6,498	32,102	5,382	2,112	13,590	12,042
SOUTH:									
Under 1	4,826	623	0	159	2,050	333	0	942	719
1	4,956	753	0	159	2,050	333	0	942	719
2-3	4,643	727	0	247	1,819	333	0	828	689
4-5	4,867	805	146	247	1,819	333	0	828	689
6	5,169	805	175	336	1,732	333	211	828	749
7-9	5,325	961	175	336	1,732	333	211	828	749
10-11	5,533	1,169	175	336	1,732	333	211	828	749
12	5,895	1,169	204	494	1,790	333	211	885	809
13-15	6,050	1,324	204	494	1,790	333	211	885	809
16-17	6,495	1,454	204	636	1,848	333	211	970	839
Total	98,047	18,515	2,566	6,570	32,624	5,994	2,532	15,644	13,602
WEST:									
Under 1	4,753	623	0	141	1,992	366	0	942	689
1	4,909	779	0	141	1,992	366	0	942	689
2-3	4,656	753	0	230	1,790	366	0	828	689
4-5	4,935	857	175	230	1,790	366	0	828	689
6	5.309	831	204	336	1,761	366	176	856	779
7-9	5,491	1,013	204	336	1,761	366	176	856	779
10-11	5,725	1,247	204	336	1,761	366	176	856	779
12	6,040	1,247	204	477	1,819	366	176	942	809
13-15	6,169	1,376	204	477	1,819	366	176	942	809
16-17	6,764	1,558	233	600	1,905	366	176	1,027	899
Total	100,151	19,477	2,856	6,326	32,796	6,588	2,112	16,154	13,842

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[1] Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2] Includes home-produced food and school lunches.

[3] Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4] Includes personal care, recreation, reading, and other miscellaneous expenditures.

[5] Formerly the North Central Region.

The cost of raising rural nonfarm children: 1985 annual average; moderate-cost level[1]

Region and age of child (years)	Total	Food at home[2]	Food away from home	Clothing	Housing[3]	Medical care	Education	Transportation	All other[4]
MIDWEST:[5]									
Under 1	$4,186	$519	$0	$124	$1,819	$299	$0	$856	$569
1	4,316	649	0	124	1,819	299	0	856	569
2-3	3,836	623	0	194	1,530	266	0	714	509
4-5	4,057	727	117	194	1,530	266	0	714	509
6	4,392	727	146	300	1,501	266	141	742	569
7-9	4,548	883	146	300	1,501	266	141	742	569
10-11	4,756	1,091	146	300	1,501	266	141	742	569
12	5,119	1,091	146	459	1,559	266	141	828	629
13-15	5,249	1,221	146	459	1,559	266	141	828	629
16-17	5,633	1,350	175	565	1,588	299	141	856	659
Total	83,968	16,880	2,044	5,790	28,176	4,920	1,692	14,044	10,422
NORTHEAST:									
Under 1	4,861	623	0	141	2,050	299	0	999	749
1	4,991	753	0	141	2,050	299	0	999	749
2-3	4,765	727	0	230	1,877	299	0	913	719
4-5	5,044	831	175	230	1,877	299	0	913	719
6	5,421	831	204	336	1,848	299	211	913	779
7-9	5,577	987	204	336	1,848	299	211	913	779
10-11	5,811	1,221	204	336	1,848	299	211	913	779
12	6,161	1,221	204	512	1,905	299	211	970	839
13-15	6,316	1,376	204	512	1,905	299	211	970	839
16-17	6,864	1,532	233	671	1,963	299	211	1,056	899
Total	102,0811	19,139	2,856	6,608	34,242	5,382	2,532	17,120	14,202
SOUTH:									
Under 1	5,026	623	0	159	2,050	333	0	1,142	719
1	5,130	727	0	159	2,050	333	0	1,142	719
2-3	4,643	701	0	247	1,761	333	0	942	659
4-5	4,922	805	175	247	1,761	333	0	942	659
6	5,134	779	175	336	1,703	333	176	913	719
7-9	5,290	935	175	336	1,703	333	176	913	719
10-11	5,498	1,143	175	336	1,703	333	176	913	719
12	5,907	1,143	204	512	1,761	333	176	999	779
13-15	6,037	1,273	204	512	1,761	333	176	999	779
16-17	6,549	1,428	233	724	1,790	333	176	1,056	809
Total	98,402	18,050	2,682	6,818	31,986	5,994	2,112	17,638	13,122
WEST:									
Under 1	5,220	623	0	141	2,079	366	0	1,142	869
1	5,350	753	0	141	2,079	366	0	1,142	869
2-3	4,829	727	0	230	1,790	333	0	970	779
4-5	5,108	831	175	230	1,790	333	0	970	779
6	5,510	805	175	353	1,761	366	211	970	869
7-9	5,692	987	175	353	1,761	366	211	970	869
10-11	5,900	1,195	175	353	1,761	366	211	970	869
12	6,310	1,195	204	530	1,819	366	211	1,056	929
13-15	6,465	1,350	204	530	1,819	366	211	1,056	929
16-17	7,082	1,532	233	618	1,934	366	211	1,199	989
Total	104,699	18,957	2,682	6,676	33,028	6,456	2,532	18,606	15,762

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[1] Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2] Includes home-produced food and school lunches.

[3] Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4] Includes personal care, recreation, reading, and other miscellaneous expenditures.

[5] Formerly the North Central Region.

Cost of Food at Home, U.S. and Regions

Cost of food at home estimated for food plans at 4 cost levels, January 1986, U.S. average[1]

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20-50 years	$37.80	$47.80	$59.20	$73.40	$164.00	$207.40	$256.20	$317.70
51 years and over	35.70	45.90	56.50	67.60	155.10	198.70	245.20	293.10
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	55.00	68.70	84.10	103.00	238.10	297.60	363.90	445.90
6-8 and 9-11 years	63.10	80.70	101.10	121.60	273.40	349.80	437.60	526.70
INDIVIDUALS[3]								
Child:								
1-2 years	9.90	12.00	14.00	16.80	42.80	52.00	60.60	72.80
3-5 years	10.70	13.20	16.30	19.50	46.20	57.10	70.40	84.30
6-8 years	13.10	17.40	21.80	25.50	56.80	75.50	94.40	110.30
9-11 years	15.60	19.80	25.50	29.40	67.50	85.80	110.30	127.60
Male:								
12-14 years	16.30	22.50	28.00	32.90	70.70	97.40	121.50	142.60
15-19 years	16.90	23.30	28.90	33.40	73.20	101.00	125.20	144.90
20-50 years	18.10	23.10	29.00	35.00	78.40	100.20	125.60	151.40
51 years and over	16.40	22.00	27.00	32.40	71.10	95.20	117.10	140.40
Female:								
12-19 years	16.20	19.50	23.70	28.60	70.20	84.50	102.50	123.90
20-50 years	16.30	20.40	24.80	31.70	70.70	88.30	107.30	137.40
51 years and over	16.10	19.70	24.40	29.10	69.90	85.40	105.80	126.10

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in Family Economics Review, 1984 No. 1. Estimates for the other plans were computed from quantities of foods published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics (CPI Detailed Report, table 3) to estimate the costs for the food plans.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1986, Northeastern region[1]

Sex-age group	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$50.60	$61.70	$77.40	$219.50	$267.20	$335.20
51 years and over......	48.30	59.00	71.40	208.90	255.80	309.40
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	72.30	87.40	108.40	313.70	378.80	469.60
6-8 and 9-11 years ...	85.10	105.30	128.10	368.90	456.00	555.10
INDIVIDUALS[3]						
Child:						
1-2 years	12.50	14.40	17.50	54.30	62.60	76.00
3-5 years	13.80	16.90	20.50	59.90	73.30	88.90
6-8 years	18.30	22.70	26.70	79.30	98.30	115.90
9-11 years	20.80	26.50	31.00	90.10	114.80	134.50
Male:						
12-14 years	23.70	29.20	34.60	102.60	126.60	150.10
15-19 years	24.60	30.20	35.20	106.70	130.90	152.70
20-50 years	24.50	30.30	37.00	106.30	131.20	160.10
51 years and over......	23.20	28.20	34.20	100.40	122.40	148.30
Female:						
12-19 years	20.50	24.60	30.20	88.90	106.80	131.00
20-50 years	21.50	25.80	33.40	93.20	111.70	144.60
51 years and over......	20.70	25.40	30.70	89.50	110.10	133.00

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[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the Northeast in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Boston, New York, and Philadelphia.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1986, Midwestern region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$45.80	$57.00	$69.70	$198.40	$247.10	$301.90
51 years and over	44.20	55.00	64.80	191.70	238.50	280.40
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	65.70	81.20	98.20	284.80	351.80	425.20
6-8 and 9-11 years	77.30	97.50	115.60	334.80	422.60	501.00
INDIVIDUALS[3]						
Child:						
1-2 years	11.50	13.60	16.20	49.80	58.90	70.10
3-5 years	12.60	15.80	18.60	54.60	68.30	80.60
6-8 years	16.70	21.10	24.20	72.30	91.20	105.00
9-11 years	19.00	24.60	28.00	82.10	106.80	121.50
Male:						
12-14 years	21.50	27.10	31.20	93.10	117.30	135.20
15-19 years	22.10	27.80	31.60	95.90	120.50	136.90
20-50 years	22.10	27.90	33.20	95.80	121.10	143.80
51 years and over	21.20	26.30	31.00	91.90	113.90	134.20
Female:						
12-19 years	18.50	22.80	27.10	80.30	98.60	117.60
20-50 years	19.50	23.90	30.20	84.60	103.50	130.70
51 years and over	19.00	23.70	27.90	82.40	102.90	120.70

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[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in *Family Economics Review*, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the Midwest in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Chicago, Cleveland, Detroit, and St. Louis.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1986, Southern region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$46.40	$56.60	$69.30	$201.30	$245.90	$300.00
51 years and over	44.50	54.10	63.80	192.90	234.70	276.20
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	66.90	80.50	97.20	290.10	349.10	420.70
6-8 and 9-11 years	78.50	96.90	114.60	340.50	420.00	496.30
INDIVIDUALS[3]						
Child:						
1-2 years	11.80	13.50	15.90	51.30	58.30	68.90
3-5 years	12.90	15.50	18.30	55.80	67.30	79.10
6-8 years	17.00	20.90	23.90	73.70	90.40	103.70
9-11 years	19.30	24.50	27.70	83.80	106.10	119.90
Male:						
12-14 years	21.90	26.90	31.00	94.80	116.80	134.50
15-19 years	22.80	27.80	31.50	98.70	120.60	136.50
20-50 years	22.40	27.70	32.90	97.00	120.20	142.40
51 years and over	21.20	25.70	30.40	91.90	111.50	131.70
Female:						
12-19 years	19.20	22.90	27.20	83.20	99.30	118.00
20-50 years	19.80	23.80	30.10	86.00	103.30	130.30
51 years and over	19.30	23.50	27.60	83.50	101.90	119.40

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[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the South in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Atlanta, Baltimore, and Washington, D.C.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1986, Western region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$49.60	$59.90	$74.80	$215.20	$259.80	$324.20
51 years and over	47.30	57.60	69.40	204.70	249.70	300.80
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	71.60	85.60	105.40	310.30	371.10	456.70
6-8 and 9-11 years	84.20	103.00	124.40	365.20	446.20	538.70
INDIVIDUALS[3]						
Child:						
1-2 years	12.60	14.40	17.30	54.50	62.30	74.90
3-5 years	13.90	16.70	20.10	60.20	72.60	87.10
6-8 years	18.30	22.40	26.10	79.40	96.90	112.90
9-11 years	20.80	26.10	30.30	90.20	113.10	131.10
Male:						
12-14 years	23.60	28.80	33.60	102.10	124.80	145.40
15-19 years	24.40	29.40	34.00	105.60	127.50	147.50
20-50 years	24.00	29.40	35.70	104.20	127.60	154.70
51 years and over	22.70	27.50	33.20	98.30	119.30	143.80
Female:						
12-19 years	20.40	24.10	29.20	88.50	104.50	126.40
20-50 years	21.10	25.10	32.30	91.40	108.60	140.00
51 years and over	20.30	24.90	29.90	87.80	107.70	129.70

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[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the West in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Los Angeles and San Francisco.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

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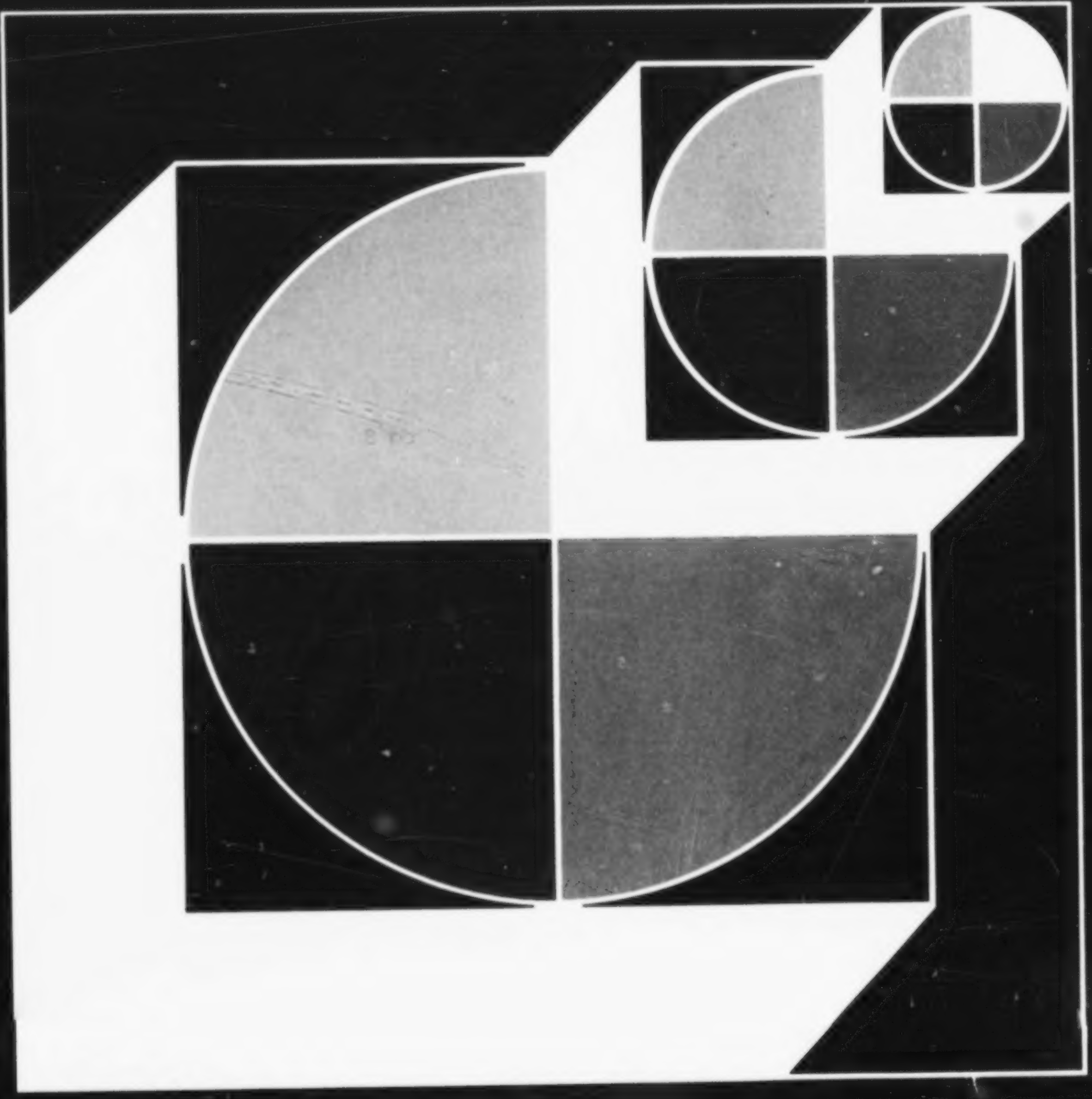

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Beginning with the next issue, Joan C. Courtless will be editor of the Family Economics Review. Marilyn Doss Ruffin extends her appreciation to the many people who have assisted her during the time she served as editor.

Contents:

Housing Alternatives for the Elderly 1
Joyce M. Pitts

Family Expenditures for Food Away From Home and Prepared Foods 9
Alice Lippert and Douglas O. Love

Diets of School-Age Children and Teenagers 14
Mary Doran Evans and Frances J. Cronin

Abstracts

Nutrient Content of the U.S. Food Supply 8
Share of Income Spent for Food 8
Revision of the Equal Credit Regulation 21
Characteristics of the Rural and Farm-Related Population 22
1986 Revision of Poverty Income Guidelines 23
Households Receiving Noncash Benefits 25
New Publications From Human Nutrition Information Service 25
Perspectives on Comparable Worth 26

Regular Features

Some New USDA Charts 24
Consumer Prices 27
Cost of Food at Home 28

Issued July 1986

Housing Alternatives for the Elderly[1]

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By Joyce Matthews Pitts
Home Economist

The elderly are heterogeneous in their ages, economic status, and physical conditions. Housing and living arrangements among the elderly have become more diverse than those for any other age group. Just 20 years ago, almost one-half of all parents age 65 and over lived with their children. Today, although contacts with children remain frequent, few elderly actually reside with them. Only 13 percent of all elderly live with a child or other relative (not including their spouse), and only 2 percent live with a nonrelative. Most elderly people are independent. Almost 85 percent are either the head or married to the head of the household. Elderly men are more likely to live with a spouse, but elderly women frequently live alone (table 1) (16).

HOUSING NEEDS

The elderly can be divided into two groups: (1) Those who are relatively healthy, active, able to live independently, and able to perform most physical functions; and (2) those who have chronic conditions[2] that limit their mobility. The likelihood of developing a chronic illness increases dramatically with age. One-half of all persons age 85 and over report that they have one or more chronic conditions that limit their capacity to perform certain physical activities (12).

What happens to the living arrangements of the independent elderly as time passes and they become the aged (those age 75 and over) and the very old (those 85 years old and over)? What kind of housing alternatives are available to each of these groups? There is apparently a need for a wide range of housing alternatives--from housing that allows for complete independence to housing that integrates health and social services. Housing alternatives for the elderly should be appropriate for their small-sized households, physical conditions, and, in many cases, limited resources. Special housing planned and designed for the elderly, along with necessary support services, can prevent premature institutionalization. In 1977 the Congressional Budget Office (7) estimated that between 10 and 40 percent of persons in skilled and intermediate care nursing facilities did not need to be there. Some type of alternative housing is needed for these and other elderly who do not require constant medical care but are not able to live independently.

TYPICAL HOUSING ARRANGEMENTS

Seven out of ten elderly persons own the house they occupy. Even though 84 percent have no mortgage, the elderly spend a greater proportion of their income on housing than younger people. According to the 1980 Census of Housing, elderly married-couple families with mortgage-free homes spend over 12 percent of their income on housing, compared with about 10 percent for married-couple families with household heads 45 to 64 years of age; those who hold a mortgage spend about 21 percent of their income on housing compared with about 15 percent for the younger age group. The

Table 1. ***Living arrangements of the elderly--1983***

Living arrangement	Total[1]	Male	Female
	(percent)		
Alone	30.5	15.4	40.9
With spouse	54.2	76.7	38.7
With relative	13.1	5.7	18.2
With nonrelative	2.1	2.1	2.2

[1] Does not total to 100 because of rounding.

Source: U.S. Department of Commerce, Bureau of the Census, 1984, Current Population Reports, Series P-20, No. 388, [as reported in the Statistical Abstract of the United States 1985, 105th edition, p. 44].

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[1] The term "elderly" refers to persons age 65 and over.

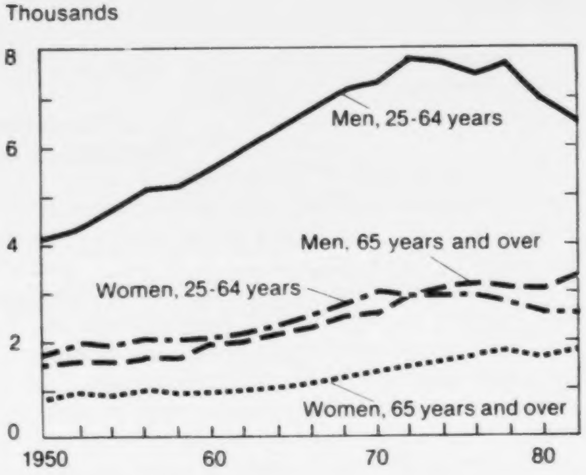
[2] Chronic conditions include such illnesses as arthritis, hypertension, visual and hearing impairments, heart disease, and diabetes.

elderly must spend a larger portion of their income on housing because they receive less income than younger individuals. Elderly women also pay a higher percentage of their income for housing than elderly men (see figure and table 2).

High costs related to homeownership (such as utilities, property taxes, and maintenance) may cause some elderly homeowners to consider moving to rental units. About one-third of elderly householders rent. Elderly renters generally have lower incomes than elderly homeowners. These renters spend a higher proportion of their income on housing than younger renters--about 25 percent for elderly married-couple families compared with about 18 percent for similar families 45 to 64 years of age.

Commercial hotels that cater to elderly residents often are low cost and located in central cities. In 1976, about 80,000 elderly persons lived in commercial hotels. Most residents of these facilities were never-married men. A few elderly also live in rooming and boarding houses. A rooming house rents a room but usually has no provision for meal preparation; a boarding house usually provides, in addition to a room, at least one meal per day. A disproportionately large number of never-married elderly men were found to live also in rooming houses (3).

Median Income by Age and Sex



Median income in 1967 dollars.

Source: U.S. Bureau of the Census, as appearing in the 1985 Agricultural Chartbook, U.S. Department of Agriculture.

According to the 1980 Census of Housing (15), over 700,000 elderly people live in mobile homes. Many are attracted to this type of housing because units are relatively inexpensive, can be purchased fully furnished, and are compact, yet efficient. Some elderly people place their mobile homes near their family. Others live in mobile-home parks where they are near other units. This

Table 2. *Housing costs as a percentage of household income, by age and sex of Householder*

Householder	Median percentage by age				
	65 to 69	70 to 74	75 to 79	80 to 84	85 and over
Male:					
Rent	21.7	23.5	24.6	25.5	25.8
Own, with mortgage	20.5	24.0	27.6	30.5	33.4
Own, without mortgage	10.9	12.5	13.5	14.6	15.6
Female:					
Rent	29.8	30.8	31.4	31.7	31.8
Own, with mortgage	33.1	36.5	37.4	38.4	39.3
Own, without mortgage	17.5	19.1	20.5	21.4	22.3

Source: U.S. Department of Commerce, Bureau of the Census, 1980 Census of Population and Housing, 1986, [As reported in U.S. Senate Special Committee on Aging publication, Aging America--Trends and Projections; 1985-86 edition.]

encourages frequent social contact with neighbors but limits privacy. Mobile-home parks may have recreational facilities. Parks, however, may not be conveniently located since many local ordinances allow such communities only in outlying areas.

ALTERNATIVE HOUSING ARRANGEMENTS

Housing in the Community

About 95 percent of the elderly live within the community; most prefer to remain there. The mortality and morbidity rate among the elderly rises rapidly within 9 months of being forced to move from their residence of many years (9). Seventy percent of persons older than 65 will die at the same address they had when they turned 65 (11).

Since job relocation is a major reason for moving, and most elderly do not work, they are not as likely to change residences as younger persons. Between 1975 and 1979, only about 16 percent of the elderly moved from one housing unit to another. Of the 3.9 million who did move, 57 percent remained within the same county; of those who moved out of the county, 22 percent remained within the same state. Out-of-state migration for the elderly generally follows the same pattern as that for the population as a whole, with some concentration toward the sunbelt (5).

The elderly are often able to remain in the community because they are married and have spousal support (over 50 percent live in husband-wife households) or they live near family. Data do not support the supposition that the elderly are abandoned by their families. A study by the U.S. General Accounting Office (5) revealed that one-half of all home-help services received by the elderly were provided by family members and friends. Even those elderly with serious medical conditions can live in the community with suitable live-in support from family, friends, or hired assistance. In 1976 the Congressional Budget Office estimated that between 3 and 6.7 million people, many of whom were elderly, received long-term care services in their home from family members.

Several housing alternatives allow the elderly to remain close to family, friends, tenants, or care givers without giving up their independent lifestyle. Having someone nearby provides the elderly with a sense of security. In areas where traditional housing is expensive and in short supply, these alternatives could provide additional housing opportunities for families of any age.

Accessory apartment. An accessory apartment, sometimes referred to as a "mother-in-law apartment," is a separate, independent living unit built into an existing house typically at a cost of $5,000 to $25,000. There is a separate kitchen, bath, bedroom, living room, and entrance. Accessory apartments allow the homeowner to rent one part of the house while continuing to live in the other. The possibility of establishing accessory apartments in a particular neighborhood depends on local zoning regulations;

Many elderly homeowners are over-housed, living in large, older homes, on incomes at or below poverty levels. Home equity conversion is a way for these elderly to use the equity that is in their homes for living expenses or house repairs without having to sell. With an equity conversion plan, the elderly homeowner takes out a loan with a bank or other lender for a percentage of the home's equity. This money is used to buy an annuity or other investment that will provide the homeowner with regular income. The lender is repaid when the homeowner dies or the house is sold. There are several variations to this scenario. For additional information on home equity conversions, see "Developments in Home Equity Conversion," by Frankie N. Schwenk, Journal of Home Economics, Fall 1984; Home Equity Conversions by the U.S. House of Representatives Select Committee on Aging, Comm. Pub. No. 98-426; and "Home Equity Dissaving: A New Option for the Elderly," by John Gruidl and Marvin Johnson, in Economic Issues, 1982, College of Agricultural and Life Sciences, University of Wisconsin-Madison.

they are illegal in most neighborhoods with single-family homes. Some localities have created special-use zoning permits allowing the elderly to take advantage of this housing alternative. Even so, about 2.5 million illegal accessory apartments are believed to exist in the United States (11).

ECHO housing. Elder Cottage Housing Opportunity (ECHO) is the American version of Australian housing for the elderly known as granny flats. ECHO houses are designed specifically for the elderly and disabled. These small, self-contained, portable living units can be placed in the side or back yard of a single-family, free-standing house and can be aesthetically compatible to the main house and the neighborhood. The unit can be installed on a relative's property or next to a house owned by the elderly individual. The elderly person's house can then be rented to another family. Installation or removal of the ECHO unit can be accomplished in just 2 days. When no longer needed the unit can be transported to another location. One-bedroom units can be completely installed for less than $20,000. Although there is ECHO housing activity in Pennsylvania and California, this type of building is not permitted wherever local zoning laws prohibit prefabricated housing. Where allowed, they only can be erected with a special-use permit, which usually has an expiration date.

House sharing involves two or more usually unrelated persons living in the same house or apartment and sharing the living room, dining area, and kitchen. Bedroom and bathroom facilities may be shared or separate. Approximately 500,000 elderly persons live in some type of shared housing (11). House sharing may be initiated by the elderly landlord and renter themselves (sometimes referred to as naturally occurring shared households) or may be arranged by agencies.

The 1980 Housing Choices of Americans Survey included 1,300 households with at least one person age 55 or over (10). This survey found that 2.5 percent of older households were naturally occurring shared households. Sixty-six percent consisted of three or more persons and 75 percent were located in metropolitan areas. Thirty percent of the homes in which they lived were valued at $100,000 or more; 50 percent were mortgage free; 20 percent had mortgages; and 30 percent were rented. Although 40 percent of the elderly residents had no children, two-thirds of the house sharing arrangements were intergenerational. These shared households were more likely to be headed by a married couple than by a widow. This study suggests that shared housing initiated by older persons themselves is not as prevalent among the very old, frail, or economically disadvantaged as might be expected.

In some areas, local government agencies or other organizations initiate shared-housing programs in one of two ways:

(1) A match-up program in which the organization interviews interested homeowners and prospective tenants, inspects housing, checks references, and facilitates a match; or

(2) A resident program in which the organization leases or buys a house and actually administers the residence.

Only in agency-sponsored home sharing projects (often called group homes) are the elderly residents likely to be poor or have mobility limitations. A study of a match-up program in Kensington, MD, found that most elderly people preferred renting to someone who worked rather than to someone who stayed home all day, but the tenant's age was unimportant (4). In 1983 there were about 150 nonprofit match-up programs and 150 nonprofit group residence programs in the United States (11).

House sharing and accessory apartments can be advantageous for both homeowner and tenant. Each can benefit financially. In Philadelphia, for example, a match-up shared-housing program provided homeowners with an average of $1,600 per year in additional income and saved tenants an average of $1,500 in rent payments (11). Residents also can share common expenses and housekeeping. There is sometimes an exchange of services, such as cooking, gardening, home repairs, or personal care[3] of the homeowner, for a reduction of rent. Each of these housing alternatives can promote companionship and security for the elderly. Compatibility between tenant and homeowner is vital for these housing alternatives to be successful, however.

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[3] Personal care includes such services as help with dressing, grooming, bathing, feeding, and moving around.

Supportive Housing

Supportive-housing arrangements for the elderly provide a variety of services ranging from simple housekeeping assistance to full-time medical care. There are several kinds of supportive-housing programs: Board and care homes, congregate housing, and continuing-care communities. Retirement communities may or may not provide some support services.[4] Characteristics of supportive housing include assistance with household chores, access to medical facilities, and shared social activities (1).

Board and care homes are usually rental rooms or efficiencies where residents may come and go as they like. Sometimes called sheltered housing or residential care facilities, these homes typically offer regular housekeeping and laundry services, as well as room and meals. For an additional fee some facilities also offer personal care services and recreational activities.

Congregate housing is "a residential environment which includes services...[that] are required to assist impaired, but not ill, elderly tenants to maintain or return to a semi-independent lifestyle and avoid institutionalization as they grow older."[5] Congregate housing has private or shared living quarters that include a kitchen where light meals can be prepared. Residents routinely share meals and social events. This type of housing differs from board and care homes because a professionally trained staff of nurses, counselors, nutritionists, and other personnel is present to monitor the health and well-being of the residents.

Many congregate housing programs are sponsored by churches, government agencies, and other nonprofit organizations. The Department of Housing and Urban Development has several programs that provide assistance for congregate housing, including Section 202 that provides financing for construction of housing for the elderly and Section 231 that insures mortgages on housing for the elderly (19). In 1977 the Congressional Budget Office estimated there were as many as 635,000 units of congregate housing in existence. However, 1.3 to 1.7 million persons could use this type of housing if more units were available.

A study of congregate housing projects revealed that most residents are over age 75 (72 percent), move into a home at a relatively young age (62 to 65 years), and are likely to be single or widowed women (80 percent). Their income is typically higher than the national average for persons of their age (8).

Rates charged by congregate housing facilities cover a package of services including meals, laundry, housekeeping assistance, and transportation to shopping and social events. For an additional fee, medical care and personal care services often are available. Although congregate housing is thought to be for impaired elderly, many fully independent people choose to live there. Some congregate housing programs are somewhat institutionalized, however, and offer few options for independent living.

Continuing-care communities provide independent living quarters in efficiencies or one- and two-bedroom units (in highrise or garden apartments), or one- and two-bedroom cottages. A continuing-care community is affiliated with a nursing home that is usually located on the grounds of the community. The primary goal of a continuing-care community is to reduce the health and emotional difficulties of aging by providing a wide range of services and activities at one location.

New residents usually must meet certain entrance requirements. For example, they must be healthy, ambulatory, and able to satisfy the facility's financial requirements. Residents live an active, independent life for as long as they can, get routine medical care as needed, and receive long-term nursing care should it become necessary. Continuing-care communities allow couples to stay together in the same community, even if one's health deteriorates to the point where he or she must be placed in the 24-hour nursing care facility.

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[4] Another type of supportive-care facility, nursing homes, will not be discussed. Only about 5 percent of the elderly population is institutionalized.

[5] U.S. Senate Special Committee on Aging, 94th Cong., 1st sess., 1975, Congregate Housing for Older Adults, Senate Report 94-478.

Services offered by continuing-care communities vary and can include: Meals (in private quarters or dining halls); health care (nursing and pharmaceutical services, physical therapy, and continuous medical care); personal conveniences (beauty and barber shops, and banks); organized social activities (dances, games, and craft shops); recreational facilities (swimming pools and golf courses); educational programs (organized classes and libraries); transportation; gardening space; and laundry, religious, and room services. Because of the many services and activities available, living in these communities can be very costly. Entrance fees can range from $10,000 to $150,000, and monthly charges, from $250 to $1,700. Many elderly, however, feel this a small price to pay for the assurance of housing, medical care, and recreational facilities for the rest of their lives, regardless of their health.

Most continuing-care communities are sponsored by nonprofit housing corporations. Some facilities are so popular that names are placed on a waiting list years before space becomes available, whereas other facilities remain only partially filled. The American Association of Homes for the Aging estimates that there are about 600 such communities in the United States (6).

Retirement communities are age-segregated developments built specifically for the elderly. Residents usually have to be at least 50 years old. Housing may be somewhat less expensive than in the community at large; nevertheless, those who live in retirement communities typically are middle-income elderly. Retirement communities are often built in rural areas, near towns where residents can use public transportation and other services. Housing can be detached houses, duplexes, apartments, or mobile homes. Living units may be for sale or for rent. Sometimes certain services are included in the cost, such as use of medical or recreational facilities. In 1985 there were about 2,400 large-scale retirement communities in the United States (2, 20).

OUTLOOK AND IMPLICATIONS

The number of persons age 65 and over will increase by about 12 percent between the years 2000 and 2010, and by 31 percent between 2010 and 2020 (13). Some experts estimate that 235,000 new housing units for the elderly will be required by the year 2000 (18). Others raise doubts as to whether the private sector can meet this need.

The elderly population will be better educated and more affluent and active than previously. Housing choices will need to adapt to the desires of a changing elderly population. As more elderly continue to work after retirement, elderly housing will likely be built away from the sunbelt areas and closer to employment opportunities. Also, more units will be built near recreational and educational facilities so the elderly can continue activities they enjoyed when they were young. Mobile homes, ECHO housing, and other types of manufactured housing are expected to be used increasingly to provide housing for the elderly at low costs (17). Resident-owned retirement communities will likely remain popular, but future communities will have fewer housing units and fewer costly recreational amenities than current communities (20). House sharing is expected to become a more accepted option, also.

Gerontologists, home economists, counselors, educators, and other professionals need to encourage families and individuals to consider housing options early in their preretirement plans. These professionals should be familiar with the various housing options available to the elderly and be able to provide families and individuals with information on--

(1) Which factors to consider in making a retirement housing decision (such as income; ties with family, friends, and neighborhoods; health; costs and availability of options; and personal preferences).

(2) Which housing characteristics can accommodate several generations.

(3) How to reconcile future housing expenses with expected retirement income.

Builders should be encouraged to incorporate features that make housing more adaptable to the elderly. For example, extra-wide doorways and lowered light switches would accommodate people in wheelchairs; door levers instead of doorknobs would allow those with arthritis to enter and exit more easily; and nonslip floor surfaces and bars installed in showers could prevent falls. These changes would not make the housing unit any less attractive to young families but could benefit older families considerably.

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Nutrient Content of the U.S. Food Supply

Major changes in nutrient levels of the Nation's food supply are reported in an article "Nutrient Content of the U.S. Food Supply, 1984" by Ruth Marston and Nancy Raper published in the National Food Review (NFR-32). The article also includes a detailed review of trends in the levels and sources of calcium in the food supply since 1909-13.

The nutrient content of the food supply is based on per capita amounts of foods available for consumption, and food composition data. Food losses occurring after per capita food consumption is measured, such as in further processing, marketing, and home use, are not considered. Therefore, nutrient levels provided by the food supply may be higher than quantities actually ingested.

Between 1983 and 1984, nutrient levels of the food supply increased between 2 and 5 percent for iron, vitamin A, calcium, and vitamin B_{12}. Levels of food energy and 11 nutrients--protein, fat, carbohydrate, phosphorus, magnesium, zinc, thiamin, riboflavin, niacin, vitamin B_6, and cholesterol--increased 1 percent or less. The only decline (3 percent) was for ascorbic acid.

Changes between 1967 and 1984 were greater than year-to-year changes. Levels were from 1 to 17 percent higher for food energy, protein, fat, carbohydrate, calcium, phosphorus, magnesium, iron, zinc, vitamin A, riboflavin, thiamin, niacin, vitamin B_6, and ascorbic acid. Levels for vitamin B_{12} and cholesterol declined 4 and 8 percent.

The calcium level of the food supply increased from 503 to 700 mg per capita per day between 1909-13 and 1984. Dairy products were the leading source of calcium, providing three-fourths of the total in 1984 compared with two-thirds in 1909-13. In descending order, whole milk, cheese, and skim and lowfat milks were the main sources of calcium. The share of calcium from whole milk declined, while the share from cheese and skim and lowfat milks rose. Vegetables--including potatoes and sweetpotatoes, and dry beans, peas, nuts, and soy products--together provided the largest share of calcium from nondairy foods.

Share of Income Spent for Food

In 1984, Americans spent 15.1 percent of after-tax income on food, down from 15.6 percent in 1983. Moderate inflation, coupled with a nearly 10-percent jump in disposable income, reduced the share of income spent on food by a larger amount than in any year since 1971. This decline in the proportion of income spent on food continues a long-term trend (see table). All of the decline has occurred in spending for food at home; expenditures on food away from home have remained relatively stable.

Source: Kurland, Julie, and Denis Dunham, 1985, Smaller share of income goes for food, National Food Review, NFR 31, fall issue, pp. 26-27.

Proportion of income spent for food

Year	At home[1]	Away from home[2]	Total
1930	20.2	4.1	24.4
1935	19.5	3.8	23.3
1940	17.9	4.1	22.0
1945	15.6	6.6	22.2
1950	17.7	4.5	22.3
1955	16.9	4.2	21.1
1960	16.0	4.0	20.0
1965	14.0	4.0	18.0
1970	13.2	4.0	17.2
1975	12.7	4.2	16.9
1976	12.5	4.3	16.8
1977	12.2	4.3	16.5
1978	12.0	4.3	16.3
1979	12.1	4.4	16.5
1980	12.1	4.3	16.5
1981	11.8	4.2	16.0
1982	11.6	4.2	15.8
1983	11.2	4.4	15.6
1984	10.8	4.3	15.1

[1] Includes food purchases for off-premise consumption and food consumed on farms where produced.

[2] Includes purchased meals and beverages, excluding alcohol, and food furnished to the military and employees of hospitals.

Source: Kurland, Julie, and Denis Dunham, 1985, Smaller share of income goes for food, National Food Review, NFR 31, fall issue, pp. 26-27.

Family Expenditures for Food Away From Home and Prepared Foods

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Since more women have entered the labor force in the past 10 years, the distribution of a household's production time has changed, particularly in the area of food preparation. Households with working wives may choose to substitute meals outside the home in lieu of preparing meals at home, which are more labor intensive. With additional money income earned by employed married women, household time and leisure are bought by eating meals outside the home.

Several studies have examined relationships between the value of the homemaker's time, her time allocation, and her family's expenditure on meals away from home. Redman (5) used data from the 1972-73 Consumer Expenditure Study, conducted by the Bureau of Labor Statistics (BLS), U.S. Department of Labor, to test the relationship between certain characteristics of the homemaker and away-from-home food consumption. Prochaska-Schrimper (4) incorporated the value of the homemaker's time in their model explaining the purchase of meals away from home, using data from the 1965-66 Nationwide Household Food Consumption Survey, conducted by the Agricultural Research Service, U.S. Department of Agriculture. Kinsey (2) used 1978 data from the Panel Study of Income Dynamics (collected by the Institute of Social Research, University of Michigan) to test the effect of various sources of household income on the marginal propensity to consume food away from home, for various family types. Differences in methodology, however, make it difficult to compare Kinsey's findings with those from the two earlier studies.

Since the collection of the data used by Prochaska-Schrimper and Redman, several changes have occurred that affect family expenditures for food consumed away from home, and, therefore, their conclusions no longer may be valid. Between 1965 and 1980 labor force participation rates among married females, with spouse present, increased by 40 percent; among young wives, ages 25 to 34, labor force participation rates increased by more than 80 percent (8). In addition, both surveys were conducted before the large increases in energy prices. During the 10-year period between 1972 and 1981, food expenditures increased by 50 percent as energy expenditures increased by 150 percent. A greater proportion of a family's total expenditures was needed for gasoline and oil, and electricity and natural gas. Although food's share of total expenditures has decreased over the years, the proportion of food expenditures spent on food consumed away from home has steadily increased, comprising 17 percent of food expenditures in 1961, 28 percent in 1972, and 32 percent in 1981 (9).

The purpose of this research was to identify changing food expenditure relationships between 1972-73 and 1980, to determine the marginal propensity to consume food away from home and prepared foods, and to examine whether the employment of the wife continues to affect the allocation of time in household production, as evidenced by increased spending for meals away from home.

Procedure

To obtain a current picture of the determinants of expenditures for food consumed away from home and prepared foods, data from the BLS 1980 Diary Consumer Expenditure Survey were analyzed. Survey respondents had kept a detailed record (weekly diaries) of their expenditures for food and other frequently purchased items over a 2-week period. The diary period varied from respondent to respondent, but all were within the 1980 calendar year.

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To control for family type, only consumer units headed by a married couple were included in the sample. Regression equations were estimated using variables addressed in the Redman study, plus additional variables designed to observe the interaction effect of households with employed married women and family income. Regression coefficients were compared with those estimated using the 1972-73 CES data, after adjusting for price changes that occurred between 1972-73 and 1980 (table 1). Results are presented for two categories of food expenditures--food consumed away from home and prepared foods.

Food Away From Home

The relationship between family income and expenditures on food consumed away from home, though still positive, weakened between 1972-73 and 1980. Wife's employment was positively related to food expenditures away from home in 1980, compared to a negative impact in 1972-73; neither estimate, however, was significant. The interaction of income and wife's employment remained positive for both time periods but was not significant with the 1980 data. Because the intercorrelation between the interaction and wife's employment was high (r = .75), multicollinearity could contribute to the insignificance. Joint F-tests were conducted to

Table 1. ***Expenditures for food away from home, 1980 and 1972-73***

Variable	1980		1972-73	
	Estimated coefficient	Standard error	Estimated coefficient (adjusted for price changes between 1972-73 and 1980)	Standard error
Intercept	15.091*	4.781	18.844*	2.360
Income	.468*	.077	.744*	.026
Employment of wife	3.784	2.683	-.842	1.378
Interaction	.076	.096	.153*	.042
Wife's education	5.595*	1.560	3.423*	1.107
Wife's age	-.139*	.059	-.192*	.029
Family size	2.596*	.931	.473*	.565
Family composition:				
Preschool	-7.837*	1.513	-3.699*	.804
Elementary	-3.217*	1.364	-1.194	.716
High school	-.423	1.447	-.377	.772
Region:				
Northeast	.017	2.100	1.211	1.113
North Central	-2.127	1.997	-3.867*	1.040
South	.235	2.053	-2.886*	1.044
Black race	-11.143*	2.539	-8.718*	1.378
Residence:				
Metropolitan	5.304*	2.090	3.967*	1.060
Urban	-4.109	2.890	-4.386*	1.379
Rural	-6.260*	2.536	-5.626	1.260
R^2	.157		.159	
Sample size	2,222		12,819	

*Significant at .05 level.

test for the significance of the combined effect of wife's education, wife's employment, family income, and the interaction variables on the dependent variable. Results of this analysis indicated each of these variables was significant (at .001 level) in explaining food away from home.[2] Additional regression models, omitting either employment of wife or interaction, were tested. In these models, the remaining variable became significant. The positive coefficient for the employment variable, combined with significant results in the regression model that omitted the interaction variable, indicated a positive impact of female employment on expenditures for food away from home.

The effect of a wife's college education on expenditures for food away was greater in 1980 than in 1972-73. Households in which the wife had some college education spent significantly more on food away from home than other households.

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[2] Joint F-tests also indicated that family composition, urbanization, location (region and urbanization), and household characteristics (black race and family size) were significant, at .001 level, in explaining away-from-home food expenditures.

VARIABLE DESCRIPTIONS

Income	Family income before taxes.
Employment of wife	Dummy variable taking on value of 1 if wife was employed either full or part time.
Interaction	Employment of wife X income.
Wife's education	Dummy variable taking on value of 1 if wife had more than high school education.
Wife's age	Age of wife in the family.
Family size	Number of persons in the family.
Family composition:	
Preschool	Number of children in the family under 6 years old.
Elementary	Number of children in the family 6 to 12 years old.
High school	Number of children in the family 13 to 17 years old.
Region:	
Northeast, North Central, South	Regional dummy variables.
Black race	Dummy variable taking on value of 1 if reference person was black.
Residence:	
Metropolitan	Dummy variable defined as a standard metropolitan statistical area (SMSA)[1] with a population of 400,000 or more.
Urban	Dummy variable defined as an urban area outside an SMSA.
Rural	Dummy variable defined as rural by the Bureau of Labor Statistics and the Bureau of the Census.
(The remaining area is defined as having a population of less than 400,000 in an SMSA.)	
Food away	Total weekly expenditures for food consumed away from home excluding snacks.
Prepared food	Total weekly expenditures for prepared foods. Prepared foods included items such as prepared flour and cake mixes, bakery products, canned and packaged meats, canned and frozen vegetables and fruits, and miscellaneous frozen meals.

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[1] In 1983 the Bureau of the Census replaced the classification, standard metropolitan statistical area (SMSA), used to describe all metropolitan areas, with 2 terms: Metropolitan statistical area (MSA), a free-standing metropolitan area surrounded by nonmetropolitan counties; and primary metropolitan statistical area (PSMA), a metropolitan area that is closely related to another.

Wife's age was negatively related to expenditures for food away from home. A comparison of 1980 and 1972-73 regression coefficients showed a decline in magnitude, however. Smaller incomes and the limited mobility of older households may help explain their lower expenditures for food away from home.

Black households spent considerably less than others for food away from home in 1980 and 1972-73. This difference increased between 1972-73 and 1980.

A comparison of results indicated the impact of children had also increased. The 1972-73 data show that the presence of children, particularly for families with preschool and elementary school children, had a negative effect on food away from home, which became greater in 1980. Behavior and physical characteristics of preschoolers may result in fewer meals purchased outside the home. As children grow older, households with employed married women may experience an increase in real income, allowing for more eating occasions outside the home. Additionally, high school children, acting independently, may purchase more food away from home than younger children. Overall family size, however, had a positive influence on food expenditures away from home that increased between 1972-73 and 1980.

Although family expenditures for food consumed away from home in the North Central and Southern regions were less than in other regions in 1972-73, by 1980 there were no significant differences among regions. Households in metropolitan areas spent the most for food away in both 1980 and 1972-73, whereas those in the rural areas spent the least in 1980. Differences between rural and metropolitan areas were larger in 1980 than 1972-73. Restaurant availability may contribute to these results.

Prepared Foods

No change was observed in the relationship between family income and expenditures for prepared foods in the years between 1972-73 and 1980 (table 2). The employment of the wife had a large positive impact in 1980 compared to 1972-73. The interaction of family income and wife's employment was negative, however. For every dollar increase in real income in 1980, families with employed wives spent an additional $0.05 for prepared foods, whereas other families expended $0.22. Meals that include prepared foods still involve setting and clearing the table, washing dishes, and kitchen cleanup. Because time becomes relatively more valuable than money as income increases, households with employed wives may prefer to spend any additional income on meals outside the home.

Households with a homemaker who had attended college spent more, but not significantly more, on prepared foods than other households. Wife's age was positively related to prepared food expenditures in both 1980 and 1972-73. Black families spent less for prepared foods than other families, although this difference declined slightly between 1972-73 and 1980.

A comparison of the estimates showed an increase in expenditures between 1972-73 and 1980 for all children's age groups. Households with children may gain time for leisure or other household activities by choosing to purchase prepared foods instead of eating meals away from home. Family size remained positively related to prepared food expenditures in 1980 but declined substantially from 1972-73.

Metropolitan families increased their expenditures for prepared foods in 1980 from 1972-73 and spent more than urban or rural families. Northeastern households spent more on prepared foods than did households in other regions, but these expenditures declined from 1972-73 to 1980.

Conclusions

The direction and magnitude of the relationship between expenditures for food consumed away from home and prepared foods and certain socioeconomic characteristics of households changed between 1972-73 and 1980. Family income, wife's employment, wife's college education, a metropolitan residence, and family size were associated with higher expenditures for food away from home in 1980. The income variable, however, showed less impact in 1980 than in 1972-73. Wife's employment had a negative effect in 1972-73. The presence of children, a rural residence, being of the black race, and wife's age were negatively related to spending for food away from home in 1980. Except for wife's age, these variables had a greater negative impact in 1980 than in 1972-73.

Race and the interaction variable were negatively related to expenditures for prepared foods. Family income, wife's employment, wife's age, presence of children, living in the Northeast, and a metropolitan residence were associated with higher spending for prepared foods. Family size and living in the Northeast had less impact in 1980 than in 1972-73, however.

Even though proportions for food away from home to total food proportions increased from 1972-73 to 1980, family income coefficients decreased during this period. Economic conditions in 1980 may have forced many households to allocate an increased share of their income for gasoline and utilities to cover rising energy costs. Also, average family income did not rise as quickly as prices; a decline in real before-tax income may have contributed to households spending less for food away from home.

Table 2. *Expenditures for prepared food, 1980 and 1972-73*

Variable	1980		1972-73 (adjusted for price changes between 1972-73 and 1980)	
	Estimated coefficient	Standard error	Estimated coefficient	Standard error
Intercept	2.834	2.575	4.112*	1.353
Income	.221*	.041	.200*	.015
Employment of wife	4.154*	1.445	.503	.790
Interaction	-.169*	.051	-.042	.024
Wife's education	.647	.840	.442	.635
Wife's age	.129*	.032	.061*	.017
Family size	3.353*	.501	6.054*	.324
Family composition:				
Preschool	1.820*	.815	-.378	.461
Elementary	2.080*	.734	.963*	.410
High school	3.152*	.800	1.388*	.443
Region:				
Northeast	3.367*	1.131	5.243*	.639
North Central	-1.110	1.075	2.041*	.596
South	-1.991	1.106	-.136	.599
Black race	-8.515*	1.367	-9.822*	.790
Residence:				
Metropolitan	2.594*	1.125	.956	.608
Urban	1.660	1.557	1.151	.791
Rural	.159	1.366	-1.343	.723
R^2	.203		.226	
Sample size	2,222		12,819	

*Significant at .05 level.

Further research is necessary to determine whether the types of meals consumed away from home (weekday versus weekend, daytime versus evening) yield additional information on how women allocate their time. Also, determining why meals are consumed outside the home (as a substitute for meals at home or as a leisure activity) may help explain why certain households have higher away-from-home food expenditures.

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Diets of School-Age Children and Teenagers

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The diets of children and teenagers and the factors influencing their diets have many implications in terms of dietary guidance, since certain eating behaviors established at an early age may continue throughout life. Data are presented here primarily from USDA's 1977-78 Nationwide Food Consumption Survey (NFCS), which collected information on food and nutrient intakes by individuals.[1] [2] Three-day dietary reports were collected from a nationally representative sample of approximately 35,000 individuals in the coterminous United States, including about 9,000 children and teenagers between 6 and 18 years of age and 6,000 adults between 35 and 50 years of age. Information on the diets of these two age groups is compared.

Factors Influencing Diets of Children and Teenagers

The nutritional adequacy of diets depends on food choices. Food choices are influenced by many factors, including with whom, when, and where individuals eat.

With whom they ate. For school-age children and teenagers in particular, the influence of other people--household and nonhousehold members--plays an important role in what foods are consumed. Parents often control the food choices of children and to a lesser extent those of younger teenagers. Food choices of older teenagers, however, probably are more influenced by people outside the home, particularly peers (1).

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[1] For more detailed information on the 1977-78 NFCS, see "The 1977-78 Nationwide Food Consumption Survey," by Robert L. Rizek, Family Economics Review, fall 1978, pp. 3-7.

[2] Dietary intake information currently being collected in the USDA Continuing Survey of Food Intakes of Individuals (CSFII), Family Economics Review 1985(1): 16-17, does not include children and teenagers 6 to 18 years of age.

Data from the 1977-78 NFCS show that the percentage of eating occasions shared with other household members declined with increasing age through the teen years, and the percentage eaten alone increased (table 1). However, regardless of age, at least 50 percent of all meals and snacks were shared with other household members. Breakfast was the meal most commonly eaten alone by children and teens; however, a larger percentage ate breakfast with other household members than ate alone. Lunch was more commonly shared with nonhousehold members, and dinner or supper was usually eaten with household members. Snacks were more commonly eaten with other household members by 6- to 11-year-olds; teens tended to eat snacks alone.

Table 1. ***Eating occasions shared with others and alone*** [1]

Sex and age (years)	Shared with-- Household members	Nonhousehold members	Alone
	(percent of occasions)		
Children:			
6-8........	71	16	11
Males:			
9-11........	66	17	15
12-14.......	59	17	22
15-18.......	50	17	30
35-50.......	50	17	31
Females:			
9-11........	66	17	15
12-14.......	59	18	22
15-18.......	50	19	29
35-50.......	53	11	33

[1] Eating occasions for which descriptive information was not reported (2 to 3 pct) are not presented in table.

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

When they ate. Meal patterns affect the nutritional quality of diets. If an individual generally skips 1 meal a day, the other meals that day may not compensate for the nutrients in the meal that was missed. Crocetti and others (2), using the 1977-78 NFCS data, investigated eating behaviors and nutritional quality of diets. They showed that 64 percent of all individuals reported meal patterns of 3 meals per day for each of the 3 study days reported, and only 8 percent had patterns of 2 meals per day. Among all those who ate 2 meals per day, 46 percent skipped breakfast and 28 percent skipped the midday meal. Breakfast skipping increased with age through the teenage years regardless of sex. Children rarely reported missing breakfast; teens, particularly teenage girls, skipped breakfast more frequently than the younger group did. Almost 30 percent of teenage girls reported skipping breakfast on at least 1 of the survey days, although only 8 percent reported skipping breakfast on all 3 days.

Snacking is a common practice regardless of age. Around 75 percent of all individuals in the NFCS reported at least one snack (13). Children and teenagers obtained slightly more Calories from snacks than adults did. On the average, children 6 to 11 years of age consumed about 18 percent, teenagers about 21 percent, and adults 35 to 50 years of age about 16 percent of their total Calories from snacks. Snacks not only provide energy but also can make important nutrient contributions to diets, particularly for individuals who skip meals. The nutrient contribution of snacks depends on the food choices made. A study by Pao (8), using data from the spring portion of the 1977-78 NFCS, identified the types of foods selected by children and teenagers from day 1 of the 3-day intake survey. Foods most frequently reported as snacks by 6- to 11-year-olds in order of importance were bakery products (cookies, cakes, and pies), soft drinks, milk, milk deserts (ice cream and puddings), candy, fruit, and salty snacks. Among teenage boys (12 to 18 years) the most popular snacks were soft drinks, milk, bakery products, bread, milk desserts, salty snacks, meats, and fruits. Favorite snacks for teenage girls in decreasing order were soft drinks, bakery products, milk desserts, salty snacks, fruit, milk, candy, and bread. Several of the popular types of snacks such as milk, bread, and fruit are good or important sources of one or more essential nutrients; however, others, such as soft drinks and candy, generally provide few nutrients in relation to Calories.

Where they ate. Although approximately 75 percent of children and teenagers obtained and ate some meals or snacks away from home, most of the food they reported eating came from household food supplies (13). About 83 percent of their total Calories were from foods from home, and 17 percent were from foods obtained and eaten away from home. These data indicate that household food supplies are a major contributor to the nutritional quality of diets of children and teens.

School was the major place for away-from-home eating for school-age children and teens; work and restaurants were the major places for adults age 35 to 50 (table 2). Older teens (15 to 18 years) obtained and ate a somewhat smaller percentage of their away-from-home meals at school and a larger percentage at fast food places than children and younger teens did. They also were more likely to eat at work and at restaurants than younger teens. This probably is related to the greater independence of older teens. Overall, foods selected away from home were similar in nutritional quality to foods at home, providing about the same percent of total fat and other nutrients as Calories.

Diets of Children and Teens in Relation to the Dietary Guidelines

The Dietary Guidelines provide a basis for planning diets for families, including those with children and teenagers (10). The Guidelines were published jointly by the U.S. Departments of Agriculture and Health and Human Services, first in 1980 and a revised edition in September of 1985 (10, 11). They are based on current scientific knowledge about the relationship of diet to good health. The guidelines recommend: Eat a variety of foods; maintain desirable weight; avoid too much fat, saturated fat, and cholesterol; eat foods with adequate starch and fiber; avoid too much sugar; avoid too much sodium; and if you drink alcoholic beverages, do so in moderation.

Table 2. *Places where individuals obtain and eat food away from home*

Sex and age (years)	Restaurant	Fast food establishments	Work	School	Someone else's home	All other
	(percent of occasions)					
Children:						
6-8...........	4	7	0	58	19	12
Males:						
9-11..........	4	7	0	59	14	16
12-14.........	4	10	1	58	13	14
15-18.........	9	16	8	40	11	16
35-50.........	30	12	33	2	8	15
Females:						
9-11..........	5	9	0	57	17	12
12-14.........	6	11	1	49	16	17
15-18.........	11	18	6	33	16	16
30-50.........	28	11	29	2	15	15

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

The Dietary Guidelines are intended for healthy Americans. When applied together, they form the basis for a diet that provides adequate amounts of energy, nutrients including vitamins and minerals, and fiber, while avoiding too much sodium or too many Calories (especially those from fat, saturated fat, sugar, and alcohol). Information on the diets of children and teenagers in relation to selected Dietary Guidelines follows.

Eat a variety of foods. The purpose of this guideline is to encourage individuals to include the kinds of foods that supply the more than 40 nutrients essential for health. However, data are available on the intakes of only a selected number of nutrients. The Recommended Dietary Allowances (RDA), which are established by the National Academy of Sciences, are standards usually used to evaluate nutrient intakes (7).[3]

The need for energy and almost all nutrients increases during periods of growth. Except for pregnant and lactating women, the RDA for nearly all nutrients is highest during the teen years--a time of rapid growth. On the average, the diets of both children and teens were at or above recommended levels for most of the 12 vitamins and minerals that were evaluated as part of the 1977-78 NFCS. Calcium and iron were exceptions and have been identified as problem nutrients for teenagers and adult women as well as for certain other groups in the population (9). The RDA for calcium is highest for teenagers, and the RDA for iron is highest for teenagers and adult women. Table 3 shows the mean percent of the RDA of calcium and iron for children 6 to 8 years of age, teenagers, and adults 35 to 50 years of age. Average intakes for teenage girls and adult women were substantially below recommended levels for both calcium and iron. The diets of teenage boys were higher in calcium and iron, but, nevertheless, intakes averaged slightly below their RDA.

Mean intakes for groups do not display the wide range in intakes by individuals. Another way to evaluate the nutritional adequacy of dietary intakes is to look at the distribution of intakes (9) (table 4). Over 50 percent of teenage girls and adult women had diets that provided less than 70 percent of the RDA for both calcium and iron. The diets of teenage males were higher, but 24 to 35 percent of them also had diets that provided less than 70 percent of the RDA for these nutrients. The RDA for iron for children and adult men is much lower than that for teenagers, and only a small percentage had iron intakes of less than 70 percent of the RDA.

Maintain desirable weight. Obesity is associated with the development of some chronic disorders. A recent National Institutes of Health Consensus Development Conference on Health Implications of Obesity (14) recommended that children as well as adults be encouraged to keep their weight within normal range. The Conference's panel of experts expressed concern for an increasing occurrence of obesity in children and adolescents, stating that although obesity in childhood does not always result in obesity in adulthood, it is a significant

Table 3. ***Mean intakes of calcium and iron as percent of 1980 RDA***

Sex and age (years)	Calcium	Iron
	(percent of RDA)	
Children:		
6-8............	114	115
Males:		
9-11............	104	102
12-14...........	91	82
15-18...........	98	92
35-50...........	94	156
Females:		
9-11............	96	92
12-14...........	71	65
15-18...........	63	62
35-50...........	66	60

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

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[3] The RDA are established to meet the known nutrient needs of practically all healthy persons (7). Failure to meet the RDA does not necessarily mean that an individual's diet is inadequate.

risk factor for adult obesity. Investigation of obesity and, subsequently, establishment of weight standards for children and teenagers is difficult due to the growth and development needs of these age groups (14). NFCS data on weight status of children and teenagers have not been evaluated.

Excessive and rapid weight loss also is related to health complications and therefore should be avoided. Two eating disorders seen primarily in adolescent girls are anorexia nervosa and bulimia (4, 5, 6). Anorexia nervosa is an excessive pursuit of thinness characterized by near-starvation dieting and compulsive exercising, resulting in emaciation and, in extreme cases, death. Bulimia is characterized by secretive binge eating followed by self-induced vomiting and/or laxative use. Frequent vomiting and purging can cause chemical imbalances that can lead to an irregular heart rate and even death.

Avoid too much fat, saturated fat, and cholesterol. Dietary fats are responsible for some of the characteristic flavors and textures of food, aid in the absorption of fat soluble vitamins, and are a source of essential fatty acids. However, excessive levels can cause health problems. Dietary fat is a concentrated source of Calories. Excessive intakes of Calories, saturated fat, and cholesterol can increase blood cholesterol levels, and a high blood cholesterol level increases the risk of heart disease (10).

Individuals surveyed in the 1977-78 NFCS reported diets averaging about 41 percent of Calories from fat (13). Although children, and to a lesser extent teenagers, consumed fewer Calories from fat than adults did, mean intakes were above 35 percent of Calories from fat (table 5). Between one-sixth and one-fourth of children and teens reported 3-day intakes with less than 35 percent of Calories from fat (table 6). Younger children were more likely to have lower fat diets than teenagers were.

Avoid too much sugar. Most people like foods that taste sweet. In moderation, these foods can be a part of a well-balanced diet. Intakes of sugar and other caloric sweeteners are of concern because of their relationship to dental caries and because they contribute Calories but few nutrients to the diet. Diets with large amounts of sugars

Table 4. *Calcium and iron--percent of 3-day intakes at specified levels of 1980 RDA*

Sex and age (years)	Calcium--percent of RDA				Iron--percent of RDA			
	Below 50	50 to 69	70 to 99	100 and over	Below 50	50 to 69	70 to 99	100 and over
	(percent of individuals)				(percent of individuals)			
Children:								
6-8............	5	9	25	61	1	5	30	64
Males:								
9-11...........	6	15	30	49	2	10	43	45
12-14..........	13	19	33	35	8	27	43	22
15-18..........	13	16	28	43	6	18	43	33
35-50..........	17	18	29	36	0	1	10	89
Females:								
9-11...........	8	17	33	42	3	18	47	32
12-14..........	24	26	34	16	23	41	30	6
15-18..........	39	23	26	12	32	38	23	7
35-50..........	36	25	23	16	33	39	24	4

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

have greater likelihood of being nutritionally inadequate, particularly if they are low in Calories.

Using data from the spring portion of the 1977-78 NFCS, USDA researchers estimated the intake of added sweeteners for day 1 of the 3-day food intake survey (15). Added sweeteners were defined as any sugar or other caloric sweetener that did not occur naturally in the food in which it was measured. Added sweeteners contributed an average of 14 to 16 percent of Calories for children and teenagers. This was substantially higher than the 10 to 11 percent reported for adults 35 to 50 years of age.

The major sources of added sweeteners in the diets of children and teens were soft drinks, ades, and punches. These sweet beverages accounted for about 27 percent of the added sweeteners for children and young teenage boys. For teenage girls and older teenage boys, sweet beverages accounted for 35 to 40 percent. Other important contributors of added sweeteners were sugar and sugary foods--13 to 17 percent--and bakery products--11 to 15 percent. Soft drinks and sugary foods generally provide few nutrients. Bakery products, however, are made with grain and thus make some nutrient contribution.

Most children and teens in the 1977-78 NFCS reported consuming soft drinks, including carbonated drinks such as colas. Two-thirds of children reported soft drinks at least once in 3 days; older teens were somewhat more likely than children or younger teens to report consumption of these beverages and to obtain them from away-from-home sources (table 7). For all age groups,

Table 5. *Mean percent of Calories from fat*

Age (years)	Sex: Both	Males	Females
	(percent of Calories from fat)		
6-8..........	38	--	--
9-11.........	--	39	39
12-14........	--	40	39
15-18........	--	41	40
35-50........	--	43	42

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

Table 6. *Percent of 3-day intakes at less than 35 percent of Calories from fat*

Age (years)	Sex: Both	Males	Females
	(percent of individuals)		
6-8..........	24	--	--
9-11.........	--	21	24
12-14........	--	18	22
15-18........	--	17	21
35-50........	--	13	17

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-2.

Table 7. *Individuals reporting soft drinks at least once in 3 consecutive days* [1]

Sex and age (years)	Individuals using soft drinks: At home	Away from	Either place
	(percent of individuals)		
Children:			
6-8.........	56	22	65
Males:			
9-11........	56	24	66
12-14.......	54	29	67
15-18.......	56	40	74
35-50.......	38	28	53
Females:			
9-11........	55	23	64
12-14.......	59	29	70
15-18.......	61	43	78
35-50.......	47	24	57

[1] Soft drinks include carbonated drinks (such as colas, fruit-flavored and cream sodas, ginger ale, root beer, and carbonated diet drinks) and noncarbonated soft drinks made from powdered mixes and liquid concentrates.

All individuals using drinks at home and/or away from home.

Source: USDA 1977-78 Nationwide Food Consumption Survey, Report No. I-1.

however, most intake was from home sources--approximately 80, 70, and 60 percent, respectively, for children, younger teens, and older teens.

A recent study of beverage use by teenagers and its effect on nutrient intake showed that soft drink consumption had a substantial effect on calcium intake, particularly for teenage girls (3). The author suggested that soft drinks may be replacing milk as a beverage in the diets of some teens and thus lowering the intake of calcium.

Implications

Dietary patterns established at a young age may last a lifetime. Parents can control what their young children eat, but as children grow older their eating behaviors become more independent. If parents follow healthy dietary practices, their children may follow such eating patterns as they take additional responsibility for their own diets.

The Dietary Guidelines are a good basis for planning healthful diets for Americans. No doubt, children and teens can benefit from appropriate dietary guidance. However, because most of the food eaten by children and teenagers comes from household food supplies, the individual who plans, purchases, and prepares food for household members has the most opportunity to influence the food available and many of the food choices ultimately made by the child or teenager. If the food choices available at home are those that contribute nutrients and are moderate in fat, sugar, and sodium, it is more likely that children and teens will have high quality diets.

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Revision of the Equal Credit Regulation

The Federal Reserve Board has responsibilities for writing or enforcing a number of major laws that offer consumers protection in their financial dealings. For example, the Equal Credit Opportunity Act (ECOA), part of the Consumer Credit Protection Act (CCPA), is one of several laws concerning financial services implemented by the Board. The ECOA prohibits creditors from taking into account a credit applicant's race, color, religion, national origin, sex, age (with some qualification), or marital status in making a credit decision. Creditors cannot discriminate against an applicant because he or she receives income from public assistance, nor against anyone who in good faith has exercised rights under the CCPA. ECOA applies to business and commercial transactions as well as to consumer credit, and it affects all stages of a credit transaction, including the application, credit investigations, creditworthiness standards, credit terms, signature rules, credit reporting, and collection procedures. ECOA went into effect in 1975 and was expanded in 1976.

In 1977 the Federal Reserve Board issued a set of rules, collectively called Regulation B, to carry out the ECOA. These rules were recently reviewed under the Board's regulatory improvement program to determine which of its regulations can be eliminated, replaced with a nonregulatory program, simplified to ease the burden of compliance, or made easier to understand. Under consideration during the review process were ways to reduce burdens on industry while retaining the protections that Congress intended for credit applicants. The Board also studied whether the rules could be reworded to carry out congressional intent more effectively. The review included comments received from the public, a study of relevant court decisions, an analysis of each section of the regulation, and an assessment of the costs and benefits of some of the rules. The review yielded a proposal for specific changes, which was published by the Board in March 1985 for public comment. An amended regulation was then issued in November 1985, which took effect in December 1985, with a transition period ending September 1986.

There were only minor changes made to Regulation B after the review process was completed for several reasons. First, no statutory amendments mandated changes in Regulation B. Second, a review of court decisions under ECOA did not reveal a great need for clarification of ambiguities or modification of technical provisions. Third, the Board was responsive to consumer groups, which urged the Board to avoid changes that would reduce civil rights protections. And fourth, many creditors found most of the existing requirements to be manageable. The new regulation is shorter because obsolete material was deleted and footnotes and other explanatory matter were placed in an official staff commentary that complements the revised regulation.

The following is a summary of the changes made in Regulation B:

- Creditors are required to note an applicant's race or national origin and sex on loan applications for the purchase or refinancing of residences, including mobile homes. (Real estate was selected for special monitoring because unlawful discrimination in this area can be especially detrimental to members of minority groups.)
- The definition of applicant was amended to include guarantors, which gives guarantors legal standing to sue for violations of their rights under Regulation B.
- New rules were adopted that enable creditors to streamline the procedure for informing applicants when additional information is needed for a credit decision, and sample forms for notifying applicants of credit denials were revised.
- The criteria that a credit-scoring system must meet to qualify as "demonstrably and statistically sound" were redefined, and systems that meet the criteria may use an applicant's age as a factor.
- The reporting rules applicable to joint accounts held by spouses were updated, as were the reporting rules for individual accounts on which a spouse is an authorized user.
- Creditors are required to retain applications withdrawn by the applicant in advance of a decision for the purpose of improving the data available to the regulatory agencies.

The Federal Reserve Board continues to monitor developments to ensure that the ECOA is achieving its intended goals.

Source: Smith, Dolores S., 1985, Revision of the Board's equal credit regulation: An overview, Federal Reserve Bulletin 71(12): 913-923.

Characteristics of the Rural and Farm-Related Population

Families solely dependent on farm income are more likely to be in poverty than farm families with additional sources of income. Data from the 1980 Census of Population show that one-third of the farm families with farm self-employment income as their only source of income were below the poverty level in 1979, but less than one-tenth of the families were in poverty if they had income from other sources. The median income of a white family with a farm operator or manager was $16,456, compared with a median income of $13,981 for a Spanish origin[1] farm-operator family. Nearly one-half (43 percent) of the Spanish origin families were in poverty if they were solely dependent on farm self-employment income.

These and related facts are available from the Bureau of Census' publication Characteristics of the Rural and Farm-Related Population. Social, economic, and housing characteristics are presented in seven detailed tables for three populations--those living on farms, those receiving farm self-employment income, and persons employed in agriculture. The report is part of the Subject Reports series and presents sample data from the 1980 Census of Population on the population associated with agriculture. A summary text is not provided, but appendices provide sufficient information to interpret the data tables. The report is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

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[1] Persons of Spanish origin may be of any race.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Characteristics of the Rural and Farm-Related Population, 1980 Census of Population, vol. 2, Subject Reports, PC80-2-9C.

1986 Revision of Poverty Income Guidelines

The poverty income guidelines issued by the U.S. Department of Health and Human Services are used as an eligibility criterion by various Federal programs. The guidelines are revised annually to reflect changes in the Consumer Price Index.[1]

The poverty income guidelines are a simplified version of the poverty thresholds used by the Bureau of the Census, U.S. Department of Commerce, for statistical purposes, such as determining the number of persons in poverty and their demographic characteristics. The guidelines are used for administrative purposes, for example, determining whether a person or family is financially eligible for assistance or services under a particular Federal program.

The following definitions, derived from the Bureau of the Census, are used in connection with the poverty income guidelines:

1. **Family**--a group of two or more persons related by birth, marriage, or adoption, who reside together. If a household includes more than one family and/or more than one unrelated individual, the poverty guidelines are applied separately to each family and/or unrelated individual.
2. **Family unit of size one**--a person 15 years or over who is not living with any relatives.
3. **Income**--total annual cash receipts from all sources before taxes.

The poverty guidelines given in the table below are applicable to both farm and nonfarm families.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 1986, Poverty income guidelines: Annual revision, Federal Register 51(28):5105-5106.

Poverty income guidelines, 1986 [1]

Size of family unit	48 contiguous States and the District of Columbia	Alaska	Hawaii
1	$5,360	$6,700	$6,170
2	7,240	9,050	8,330
3	9,120	11,400	10,490
4	11,000	13,750	12,650
5	12,880	16,100	14,810
6	14,760	18,450	16,970
7	16,640	20,800	19,130
8	18,520	23,150	21,290

[1] For family units with more than 8 members--for each additional member add $1,880 in the contiguous States and the District of Columbia, add $2,350 in Alaska, and add $2,160 in Hawaii.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 1986, Poverty income guidelines: Annual revision, Federal Register 51(28):5105-5106.

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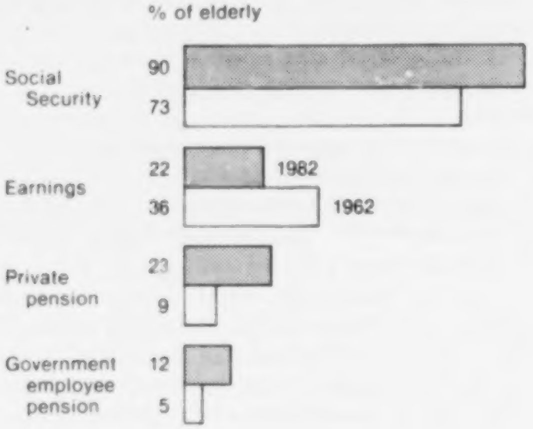
[1] For information on the methodology used to calculate the guidelines, see "Poverty thresholds and poverty guidelines," Family Economics Review 1985(1):17-18.

Some New USDA Charts

Chart 138

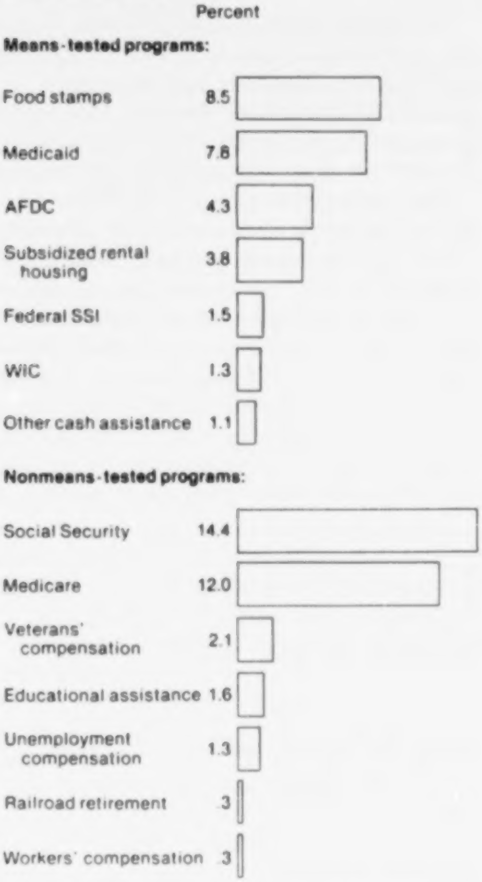
Selected Income Sources of the Elderly



Source: Bureau of the Census

Chart 141

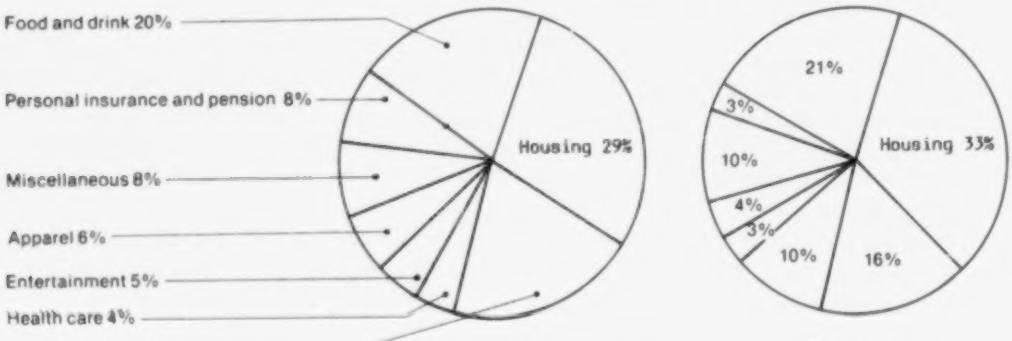
Persons Receiving Benefits from Selected Government Programs



First quarter 1984 data. AFDC: Aid for Families with Dependent Children. WIC: Women, Infants, and Children. SSI: Supplemental Security Income. Nonfarm, noninstitutional population. Source: Survey of Income and Program Participation, Bureau of the Census.

Chart 140

Annual Household Expenditures by Age of Householder



Age of householder: 35-44 years
Total expenditures: $22,084

65 and over
$10,754

Average total expenditures.
Source: 1980-81 Consumer Expenditure Survey, Bureau of Labor Statistics.

Households Receiving Noncash Benefits

Noncash benefits can be defined as benefits received in a form other than money that serve to enhance or improve the economic well-being of the recipient. Noncash benefits can be categorized as public transfers and those that are employer or union provided. Public transfers include the Food Stamp Program; the National School Lunch Program; public and other subsidized rental housing; medicare and medicaid; and CHAMPUS,[1] VA, or military health insurance. Employer- or union-provided benefits include pension plans and group health insurance plans.

In 1984, 76.7 million, or 88 percent, of U.S. households received at least one noncash benefit, an increase of 972,000 households from 1983. In order to receive means-tested benefits, such as food stamps or medicaid, a household's income or assets must fall below a specified level. The number of households receiving at least one means-tested noncash benefit was 14.6 million in 1984, not significantly different from the 1983 figure. In 1984, 8 percent of all households were receiving food stamps, 21 percent of households with school children were receiving free or reduced-price school lunches, 12 percent of renting households were residing in publicly owned or other subsidized housing, and 10 percent of households included members covered by medicaid.

Nonmeans-tested benefits include medicare, regular-priced school lunches, and employer- or union-provided benefits. The number of households receiving nonmeans-tested benefits increased from 69.8 million in 1983 to 70.7 million in 1984. There were 21.3 million households with one or more members covered by medicare in 1984 and 11.1 million households with school children receiving regular-priced school lunches. The number of households with one or more workers covered by an employer- or union-provided pension plan showed no significant change between 1983 and 1984. However, households with members covered by group health insurance plans that were paid for, at least in part, by their employer or union increased by 617,000 to 49.6 million.

Source: U.S. Department of Commerce, Bureau of the Census, 1985, Characteristics of Households and Persons Receiving Selected Noncash Benefits: 1984, Current Population Reports, Consumer Income, Series P-60, No. 150.

New Publications from Human Nutrition Information Service

The following new publications from USDA's Human Nutrition Information Service are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, 202-783-3238:

- Dietary Levels: Households in the North Central Region, Spring 1977, Nationwide Food Consumption Survey 1977-78. May 1985. Stock No. 001-000-04446-0. $7.

- Dietary Levels: Households in the Northeast, Spring 1977, Nationwide Food Consumption Survey 1977-78. May 1985. Stock No. 001-000-04445-1. $7.

- Dietary Levels: Households in the South, Spring 1977, Nationwide Food Consumption Survey 1977-78. May 1985. Stock No. 001-000-04447-8. $7.

- Dietary Levels: Households in the West, Spring 1977, Nationwide Food Consumption Survey 1977-78. May 1985. Stock No. 001-000-04448-6. $7.

- Nutritive Value of Foods. Dec. 1985. Stock No. 001-000-04457-5. $2.75.

- Thrifty Meals for Two: Making Food Dollars Count. Feb. 1986. Stock No. 001-000-04459-1. $2.50.

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[1] Civilian Health and Medical Program of the Uniformed Services.

Perspectives on Comparable Worth

The concept of comparable worth emerges from interpretations of statistical estimates. These estimates have generally shown a continuing disparity between the wages of men and women. Recent data, however, indicate that the earnings gap has been gradually decreasing over the past several years. Reports from the Bureau of Labor Statistics' (BLS) Current Population Survey (CPS) show that for the first quarter of 1985 women working full time had median wage and salary earnings of about $268 per week. This is 66 percent of the $404 earned by their male counterparts. This earnings ratio has fluctuated between 61 and 67 percent from quarter to quarter over the last 6 years, but the trend has been mostly upward.

Preliminary data for 1984 from an earlier CPS series on year-round, full-time earnings show women's median wages at $14,810 and those for men at $23,225, a 64-percent ratio. The same ratio was 60 percent in 1980, 59 percent in 1970, and 61 percent in 1960. Like the quarterly earnings data, this series also indicates that the overall male-female earnings gap has narrowed.

CPS microdata look beneath aggregate levels to show how male and female earnings differ by occupation, hours of work, education, race, family status, and other characteristics. Often statistics adjusted by these factors show a male-female earnings gap that is reduced considerably. A BLS study (Monthly Labor Review 107(6):29-33) demonstrated that although the average pay for men in a selected group of white-collar occupations generally exceeded the pay earned by women in those same occupations, differences nearly disappeared when each occupation was broken down according to skill and experience. Because a much smaller proportion of women held senior level jobs, their average pay figure was depressed. This concentration of women in entry level positions may be due in part to the increased number entering the labor force in the seventies and early eighties. As women move up in their professions, pay differences with men may decline. Some observers believe, however, that supply and demand factors will keep women from advancing. Others feel that the high labor force participation rates of women are only a temporary phenomenon despite evidence to the contrary.

Source: Norwood, Janet L., 1985, Perspectives on comparable worth: An introduction to the data, Monthly Labor Review 108(12): 3-4.

CONSUMER PRICE INDEX--REVISION

Beginning with this issue, the following groups will be included in our regular feature of the Consumer Price Index for all urban consumers:

- Renters' costs
- Homeowners' costs
- Maintenance and repairs
- Maintenance and repair services
- Maintenance and repair commodities
- Housefurnishings
- Housekeeping supplies
- Housekeeping services
- Apparel commodities
- Infants' and toddlers' apparel
- Apparel services
- New vehicles
- Used cars
- Motor fuel
- Maintenance and repair
- Medical care commodities
- Medical care services
- Professional services
- Personal and educational expenses

Consumer Prices

Consumer Price Index for all urban consumers
[1967 = 100, unless otherwise noted]

Group	Unadjusted indexes			
	Apr. 1986	Mar. 1986	Feb. 1986	Apr. 1985
All items	325.3	326.0	327.5	320.1
Food	316.1	315.4	315.3	309.6
Food at home	301.5	301.2	301.5	297.7
Food away from home	357.0	355.5	354.2	343.9
Housing	358.0	357.0	356.5	345.9
Shelter	400.1	397.0	394.8	375.9
Renters' costs[1]	120.9	119.6	119.0	113.5
Rent, residential	277.9	275.0	273.7	260.4
Homeowners' costs[1]	118.7	117.9	117.0	111.3
Maintenance and repairs	367.6	367.5	379.6	368.0
Maintenance and repair services	424.6	422.4	432.8	418.2
Maintenance and repair commodities	264.5	266.1	277.8	270.4
Fuel and other utilities	381.8	385.5	390.0	388.7
Fuel oil, coal, and bottled gas	518.3	549.9	591.2	623.5
Gas (piped) and electricity	439.2	442.3	444.5	445.9
Household furnishings and operation	249.6	249.8	249.0	247.9
Housefurnishings	200.4	201.0	199.7	201.7
Housekeeping supplies	318.5	317.9	318.6	312.6
Housekeeping services	345.4	345.1	344.5	337.9
Apparel and upkeep	207.3	206.3	204.1	205.9
Apparel commodities	191.7	190.8	188.5	191.8
Men's and boys' apparel	199.7	198.3	196.8	197.4
Women's and girls' apparel	168.0	167.6	163.4	170.0
Infants' and toddlers' apparel	316.6	313.1	311.6	295.3
Footwear	211.4	210.1	207.9	213.2
Apparel services	332.9	331.5	330.7	318.4
Transportation	303.3	309.6	319.2	320.0
Private transportation	295.3	302.1	312.2	314.6
New vehicles	221.0	220.1	220.2	213.9
Used cars	364.8	367.2	370.7	386.4
Motor fuel	279.5	308.5	351.5	374.2
Maintenance and repair	360.6	359.3	358.9	348.2
Public transportation	422.2	421.2	422.2	398.0
Medical care	428.0	425.8	422.3	398.0
Medical care commodities	271.3	269.4	267.4	253.9
Medical care services	462.3	460.1	456.2	429.4
Professional services	386.9	385.0	381.6	363.0
Entertainment	272.3	271.9	272.0	263.3
Other goods and services	341.8	341.1	340.3	321.8
Personal care	290.5	290.3	289.1	279.8
Personal and educational expenses	418.9	417.9	417.7	388.3

[1] Indexes based on December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Cost of Food at Home

Cost of food at home estimated for food plans at 4 cost levels, April 1986, U.S. average [1]

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2: [2]								
20-50 years	$37.40	$47.30	$58.60	$72.60	$162.30	$205.20	$254.10	$314.60
51 years and over	35.30	45.40	56.20	67.20	153.10	196.70	243.40	291.20
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	54.40	68.00	83.30	102.10	236.00	295.00	361.10	442.40
6-8 and 9-11 years	62.60	80.00	100.10	120.50	271.30	346.90	434.10	522.20
INDIVIDUALS [3]								
Child:								
1-2 years	9.80	11.90	13.90	16.70	42.50	51.70	60.20	72.50
3-5 years	10.60	13.10	16.10	19.40	46.00	56.80	69.90	83.90
6-8 years	13.10	17.30	21.60	25.30	56.60	75.10	93.70	109.50
9-11 years	15.50	19.70	25.20	29.20	67.20	85.30	109.40	126.70
Male:								
12-14 years	16.20	22.30	27.80	32.60	70.10	96.70	120.50	141.40
15-19 years	16.80	23.10	28.70	33.20	72.60	100.00	124.20	143.70
20-50 years	17.90	22.80	28.80	34.70	77.70	99.00	124.70	150.30
51 years and over	16.20	21.80	26.90	32.20	70.30	94.40	116.50	139.50
Female:								
12-19 years	16.10	19.30	23.40	28.30	69.60	83.80	101.50	122.60
20-50 years	16.10	20.20	24.50	31.30	69.80	87.50	106.30	135.70
51 years and over	15.90	19.50	24.20	28.90	68.90	84.40	104.80	125.20

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in Family Economics Review, 1984 No. 1. Estimates for the other plans were computed from quantities of foods published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics (CPI Detailed Report, table 3) to estimate the costs for the food plans.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

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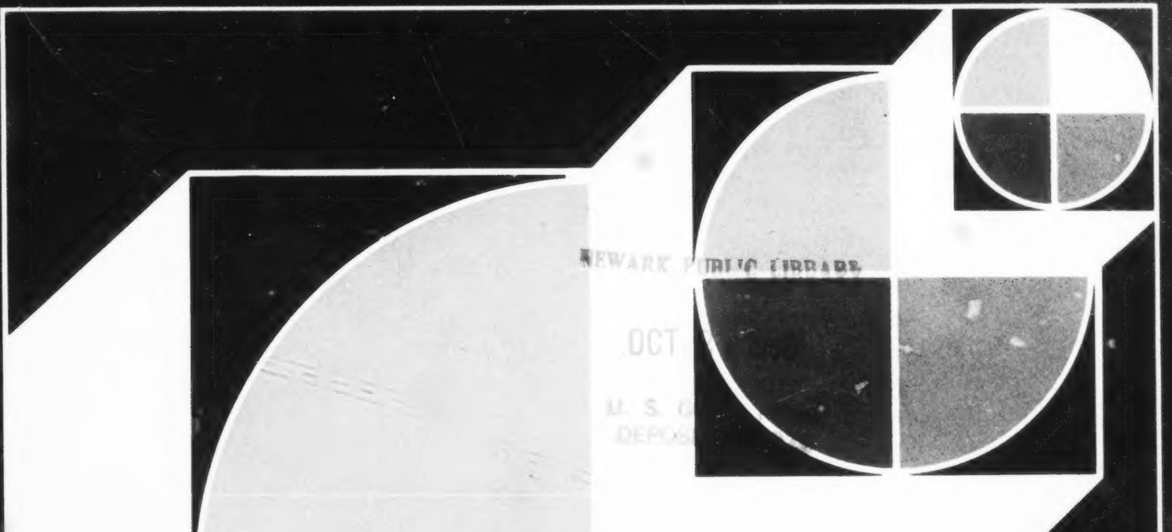

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Contents:

Child Care Arrangements and Expenditures 1
Frankie N. Schwenk

Contributions and Gifts of Cash 12
Kathleen K. Scholl

Planning for Tomorrow's Elderly 17
Joyce Matthews Pitts

Abstracts

Mothers' Labor Force Activity 8

Earnings of Married-Couple Families 10

Housing Assistance Program Participation 21

New York Family Budget Costs--Annual Price Survey, 1985 24

Projected Food Expenditures 26

Regular Features

Agricultural Outlook '87 Program--Outlook for Families 21

Cost of Food at Home 25

Some New USDA Publications 26

Updated Estimates of the Cost of Raising a Child 28

Consumer Prices 30

Index of Articles in 1986 Issues (back cover)

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Issued October 1986

Child Care Arrangements and Expenditures

By Frankie N. Schwenk
Family economist

CHILD CARE ARRANGEMENTS

Need for Child Care Arrangements

The need for child care arrangements is growing. Not only has the number of American children under 5 years old increased since 1980--from 16.4 million in 1980 to 17.8 million in 1984 (6, p. 26)--but, also, more mothers are working and there are more single-parent families. These factors contribute to an increased demand for child care arrangements.

Of the Nation's 58 million children under age 18, 56 percent had mothers in the labor force in March 1984, up from 39 percent in 1970 (2). For mothers with children under 18 years of age, 6 in 10 were in the labor force in March 1984, compared with 4 in 10 in 1970. Increases have been greatest among married mothers of preschool children, especially those with children under 1 year. Their participation rate jumped from 24 percent in 1970 to 47 percent in 1984.

The labor force participation rates of married mothers rose from 40 percent in 1970 to 59 percent in 1984, whereas the rate for divorced mothers increased from 76 percent to 79 percent during that time (2). Figure 1 summarizes the changes in labor force participation rates of mothers from 1970 to 1985, as related to marital status of the mother and age of the child. The rate of labor force participation among separated and divorced mothers did not change as much as that for married women, but the numbers increased substantially. The number of separated and divorced mothers in the labor force with children ages 6 to 17 rose from 1 million in 1970 to 2.7 million in 1985; and for those mothers with children under 6 years old, from 0.6 million to 1 million (6). Corresponding numbers for married employed mothers with children ages 6 to 17 were 6.3 million (1970) and 8.5 million (1985); and for those with children less than 6 years old, 3.9 million (1970) and 6.4 million (1985). The number of single-parent families doubled from 1970 to 1984 and now constitutes one-fourth of all families with children under 18 years old.

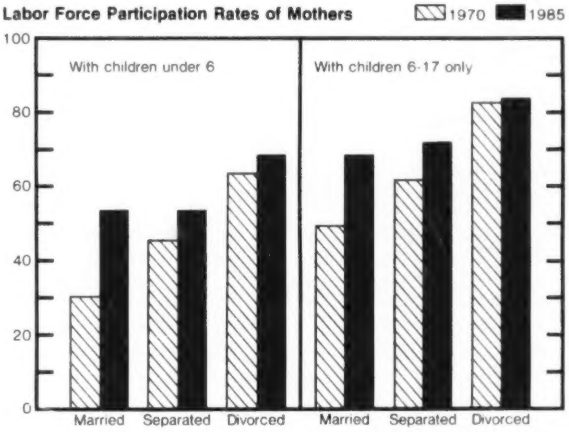
Child Care Placement

The child care system has a patchwork design composed of many settings. In addition to parental, sibling, or self-care, children may be placed in center care or family daycare homes, or receive in-home care. Center care may be a nursery school or day care center that is operated for profit or nonprofit, existing independently or sponsored by churches, employers, or community organizations. Family day care is in the home of the care provider. In-home care refers to care provided by someone who comes into the child's home. The type of arrangement and the amount of time spent in a child care arrangement are very dependent upon the age of the child.

Child care arrangements for children less than 5 years old. The 1982 Current Population Survey (CPS) (see box on p. 2) indicates there has been a shift from in-home care to out-of-home and group care for children less

Figure 1

Labor Force Participation Rates of Mothers



Data compiled from the following sources U.S. Department of Labor, Bureau of Labor Statistics, *Special Labor Force Reports* Nos. 13, 130, and 134, Bulletin 2163, and unpublished data, as reported in *Statistical Abstract of the United States 1986*, p. 399, U.S. Department of Commerce, Bureau of the Census

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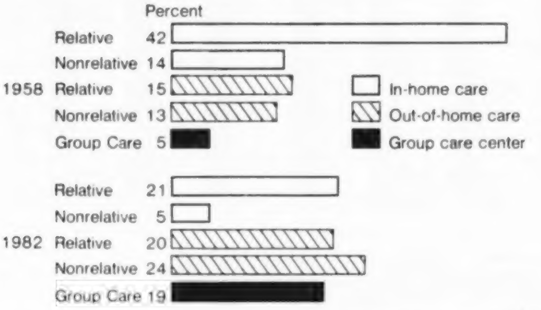
STUDIES REPORTING ON CHILD CARE ARRANGEMENTS

- The 1982 Current Population Survey of 60,000 households, conducted by the U.S. Bureau of the Census, provides data on the principal child care arrangement for families with at least one child less than 5 years old with a working mother age 18 to 44 (5).
- Data for child care of children ages 5 to 13 were collected in the December 1984 Current Population Survey and are being processed.
- The National Center for Health Statistics conducted the third National Survey of Family Growth in 1982. A probability sample of 8,000 women 15 to 44 years of age were interviewed. Questions were asked about multiple arrangements for the care of each child under the age of 12 (3).
- Data from the Panel Study of Income Dynamics on multiple care arrangements of the youngest child under the age of 12 were collected in 1979 from 1,300 families with either a working mother or a single working parent (4).
- The School-Age Day Care Study was a statewide survey in the school year 1981-82 of child care arrangements among 1,000 families in Minnesota and Virginia with children ages 5 to 14, sponsored by the Administration for Children, Youth and Families, U.S. Department of Health and Human Services (1).
- The continuing Consumer Expenditure Survey, conducted by the Bureau of Labor Statistics, U.S. Department of Labor, has a rotating sample of 5,000 consumer units who are asked each quarter about expenditures for babysitting and day care (7). Data from 1981 are reported in this article.

than 5 years old (5). Figure 2 shows this change from 1958 to 1982 for children of mothers employed full time and also illustrates that relatives were less likely to be caring for the children in 1982 than in 1958. Of families with a mother employed **full time** in 1982, 48 percent had the youngest child cared for by a nonrelative (5 percent in the child's home, 24 percent in the caretaker's home, and 19 percent in center care) and 46 percent had care provided by a relative (6 percent by the mother while working, 10 percent by the father and 10 percent by other relatives in the child's home, and 20 percent in the home of a relative). The other 6 percent had other arrangements or gave no answer.

Figure 2

Principal Child Care Arrangements for Preschool Children, Used by Mothers Employed Full Time*



*The 1958 percentages are for mothers with the youngest child under 6 years The 1982 numbers are for mothers with the youngest child under 5 years

Note percent of families where mother cared for child while working, had other care arrangements, or gave no answer are not shown

Sources U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Special Studies Series P-23, Nos. 117 and 129; as appearing in *Families and Child Care: Improving the Options*, 1985, U.S. House of Representatives, Committee Report No. 98-1180

For families with a mother who worked **part time**, care was provided by the father in 20 percent of the families (compared with 10 percent in families with a mother employed full time), by the mother while working in 14 percent of families (compared to 6 percent), and a group care center was used by 8 percent (compared with 19 percent) (5). This implies that part time work decreases the use of caretakers other than the parents.

Parental care during hours of employment was more prevalent among less educated women, white women, husband-wife families where both have blue-collar occupations, and families with income less than $15,000 (5). Group care services were more likely to be used by families whose youngest child was at least 3 years old, black women, well-educated women, and women working full time.

Data from the National Survey of Family Growth (NSFG) show similar patterns of child care arrangements but indicate a higher percent of children under 3 years old in family day-care homes (3).

Child care arrangements for school age children. Child care is needed for this age group primarily before and after school and during the summer and holidays. It is provided by a broad variety of caretakers (such as relatives, friends, neighbors, or self-care) and programs or settings provided by libraries, parks, playgrounds, churches, or schools. The variety of arrangements makes measurement of child care for this age group difficult. For example, a relative or neighbor might provide a check-in point or be available when needed after school but may not actually provide care for the child on a day-to-day basis. The Panel Study of Income Dynamics (PSID) indicates that 28 percent of families with the youngest child 6 to 11 years old received care from a relative or sibling living in the household, or reported self-care as one of the methods of child care (4). Twenty-nine percent provided parental care by splitting shifts, working at home, or taking the child to work. Other reported methods included public school (48 percent), baby-sitter or friend (25 percent), and day care center (4 percent).

Preliminary results from the 1984 CPS indicate that 2.3 million children (of about 30 million children ages 5 to 13) were in the care of a nonrelative after school on a regular basis, usually for 1 or 2 hours.[1] About 1 million were in the care of a nonrelative before school, usually for less than 2 hours. (CPS data on self-care and care by relatives has not yet been published.)

Data from the 1982 NSFG study also provide information on school age children not in the care of a parent, a sibling under 12 years, and not in self-care while the mother was working (3). Of those families with children ages 6 to 8 years old and the mother working full time, 41 percent were with a relative (including a sibling 12 years or over) and 59 percent were with a nonrelative (36 percent in a family day-care home, 15 percent in group care, and 8 percent with a nonrelative at home). Children ages 9 to 12 were more likely to be taking care of themselves. Of those who were in child care, 53 percent of those with an employed mother were with a relative. Only 8 percent of these children were in group care.

CHILD CARE EXPENDITURES[2]

Data from Fees, Surveys, and Tax Returns

If fees were used to estimate child care expenditures, estimates might be $45 to $75 per week for a preschooler in center care, as cited in hearings of the House Select Committee on Children, Youth, and Families (8). However, most families do not incur these costs because they make other arrangements for child care. For instance, care by parents is not reported as a cost or expenditure. Of the CPS families with the youngest child under 5 years old and with an employed mother, 23 percent reported that the father or mother was the principal caretaker for the child while the mother worked (5). For CPS families with school age children, those who reported parental care ranged from 40 percent when the mother was employed full time to 70 percent when she was employed part time (3). The PSID study reported that in one-third of the families with children under 12 and parents working, a parent was one of the care providers (4).

Also, self-care and sibling care may not involve cash payment. In Minnesota and Virginia, survey results indicated that 7 percent and 11 percent, respectively, of children age 9 to 11 were in self-care or sibling care as one care arrangement (1). The PSID reported that 8 percent of families with the youngest child 6 to 11 years old used self-care as one of their arrangements (4).

Even among caretakers outside the immediate family, there are arrangements that involve noncash payments or no payment. Noncash payments may include providing transportation or meals for the caretaker or exchanging child care services with neighbors or a babysitting cooperative organization. Relatives, especially grandparents, may provide care for no payment.

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[1] Information taken from personal communication with the U.S. Bureau of the Census, Population Division, in June 1986.

[2] Expenditures are in survey-year dollars.

Table 1 describes the distribution of these arrangements for CPS families with the youngest child less than 5 years old (5). Seventy-three percent of employed mothers who used child care arrangements (other than parental care) paid cash only. Cash payments were more likely when the care was provided by a nonrelative or a group care center. Ten percent had noncash arrangements and 13 percent made no payment of any kind.

In the PSID data, from 1979, 53 percent of families with a child under age 12 and a working wife or unmarried working parent paid nothing; 16 percent paid up to $20 per week; 26 percent paid $20 to $37; and only 5 percent paid $40 or more (4). In the Virginia and Minnesota study, about 84 percent of the respondents reported they had no cost or did not know the cost of child care for their children ages 5 to 14 (1). The most frequently reported cost was $1 to $20 per week (11 percent in Virginia and 9 percent in Minnesota); 4 percent spent $20 to $40, and 2 percent spent over $40.

Data on child care expenditures from individual income tax returns provide another source of information. In 1981 credit was limited to 20 percent of child care costs incurred for those with incomes over $20,000 (there was a sliding scale for those below this income), with maximum costs of $2,000 for one dependent and $4,000 for two or more dependents (8). In 1981, 4.6 million returns included child care credit. The aggregate amount was $1.2 billion for an average credit of about $260 for families who claimed the credit. At the 20 percent level, a credit of $260 would suggest $1,300 annual expenses, or $25 per week.

Analysis of 1981 Consumer Expenditure Survey Child Care Data

The Consumer Expenditure Interview Survey (CES) (7) asked respondents how much they paid during the last 3 months for "daycare, nursery school or preschool" expenses and for "babysitting or other home care for children."[3] Expenditure data for four quarters of 1981 were combined because separate

Table 1. ***Mothers using cash or noncash child care arrangements for youngest child under 5 years old, 1982***

Principal type of arrangement	Cash payment only	Noncash arrangement only	Both cash and noncash arrangements	No payment of any kind	Don't know/ no answer
			(percent distribution)		
Total employed	73.3	9.5	3.7	12.8	0.7
Care in child's home	49.2	16.6	7.8	25.6	0.9
By grandparent	22.3	25.4	5.8	45.2	1.4
By nonfamily relative	42.0	21.8	11.6	23.2	1.4
By nonrelative	82.8	3.6	7.5	6.1	0.0
Care in another home	74.8	9.9	3.2	11.4	0.6
By grandparent	37.9	24.1	4.8	32.4	0.9
By nonfamily relative	72.5	10.5	7.3	9.3	0.4
By nonrelative	94.3	2.4	1.3	1.3	0.7
Group care center	94.0	1.5	0.7	3.3	0.8
Nursery school	93.6	1.6	1.2	2.3	1.3
Day care center	94.1	1.2	0.4	3.8	0.4

Source: U.S. Department of Commerce, Bureau of the Census, 1983, Child Care Arrangements of Working Mothers: June 1982, Current Population Reports, Series P-23, No. 129, p. 30.

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[3] Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics.

analyses indicated little variation across quarters. There were quarterly data from nearly 5,000 consumer units with the youngest child less than 12 years old. Seven percent of the families with the youngest child under 5 years old and 10 percent of families with the youngest child 5 to 12 years old had an adult or child other than their own living with them.

Child care expenditures vary with the age of youngest child, number of parent earners, income, and number of parents present.[4] Factors that had little effect on these expenditures were metropolitan size, race, and number of preschoolers. Overall, child care expenses increased with income and were related to family characteristics (table 2, p. 6).

Separate analyses were made for consumer units with the youngest child under 5 years old and for those with the youngest child 5 years or older but less than 12, because the literature and regression analyses indicated that child care costs are related to the age of the child. Children less than 5 years old need more care because they are not in school. Also, the reported costs were for the care of all children in the family. Families with a preschooler were more likely to have more than one child 12 years old or less than were families with the youngest child in school; therefore, families with a preschooler had higher costs partly because they had more children needing care. The age of 12 was chosen as the other breakpoint because the School-Age Day Care Study in Virginia and Minnesota indicated parents began to consider self-care an option at that age (1). Also, these age categories allow some comparisons with the CPS and PSID studies.

Comparison of age groups. Nearly one-half of the CES families with preschool children had child care expenses, compared with one-fifth of the families with school age children. Older children were in school much of the day and might have been in self-care or in community programs that were reported as recreational expenses rather than child care. Also, families with preschoolers were more likely to have more than one child needing care.

For those households with child care expenses, the average cost was $19 per week for preschool children, compared with $15 for school age children in care. The average dollar amounts obscure the range of expenditures among families. Average weekly expenditures for families with preschool children ranged from less than $1 to $273 (standard deviation = $21) and, for families of school age children, the range was from less than $1 to $139 (standard deviation = $16). Expenditures for child care included both day care and babysitting. For families who incurred costs, average weekly child care expenditures were $19 for day care and $14 for babysitting in the younger group, and $21 and $10, respectively, in the older group.

Comparison of family types. As expected, families in which all parents were earners were more likely to have child care expenses than families with one parent not employed. Of those all-earner families that had expenses, 5 or 7 percent of total expenditures was for child care, compared with 2 percent for those families with a nonearner parent.

A further analysis of families indicates that the average amount spent on child care by two-parent, two-earner, and one-parent, one-earner families with a preschooler were similar ($23 and $26 per week). However, the one-parent, one-earner families allocated 10 percent of their total expenditures to child care, compared with 6 percent by two-parent, two-earner families. This reflects the difference in average, before-tax income in 1981 dollars for families in the survey with youngest child less than 5 years old--$10,947 for one-parent, one-earner families, and $21,989 for two-parent, two-earner families. Even more pronounced was the difference in percent of expenditures spent for child care by families of school age children--8 percent of expenses for one-parent, one-earner, compared with 4 percent for two-parent, two-earner families.

---

[4] To determine what factors were related to child care expenditures, a multiple regression was conducted, yielding a .18 R-Square. The expenditures were categorized as zero, less than $180, and more than $180. Significant predictors of child care expenditures are presented in decreasing order of importance in the text.

In households with the youngest child less than 5 years old, 58 percent of two-parent, two-earner families and 49 percent of one-parent, one-earner families paid for child care. This may indicate that young children of single parents are more likely than those of two parents to be cared for in a noncash arrangement, perhaps by a grandparent, other relative, or friend. However, of those one-parent, one-earner families with child care costs, expenses for day care (separate from babysitting) were higher than for two-parent, two-earner families, $32 compared with $22.

Comparison to other budget categories. For families with child care costs, the percentage of total expenditures spent for child care was 5 percent for families with a preschooler and 4 percent for those with the youngest child in school. This is similar to the budget share for clothing or health care. The average share for families in both age groups of this sample was 6 percent of total expenditures for apparel and 4 percent for out-of-pocket health care costs.

Comparison of 1981 CES data to other data on child care expenditures. Dollar costs are not available in the CPS for families with preschool children. However, 55 percent[5] of these families with an employed mother and the youngest child less than 5 years old made a cash payment. In the CES, expenditures were reported by 57 percent of families in which all parents were earners and the youngest child was less than 5 years old.

To compare the CES data and PSID data, CES computations were made for families with a child less than 12 years and all

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[5] The 55 percent was calculated by including families whose principal caretaker was a parent, whereas percentages in table 1 omit these families.

Table 2. *Child care expenditures, 1981*[1]

Classification	Percent of families with child care expenditures	Families with child care expenditures	
		Weekly dollar amount	Percent of total expenditures
Families with youngest child less than 5 years old	46	$19	5
2 parents, 2 parent earners[2]	58	23	6
2 parents, 1 or no parent earners	37	12	2
1 parent, 1 parent earner	49	26	10
1 parent, no parent earner	7	4	2
All parents earn[3]	57	23	7
Not all parents earn	33	11	2
Families with youngest child 5 years or older and less than 12 years	20	15	4
2 parents, 2 parent earners	24	15	4
2 parents, 1 or no parent earners	13	7	2
1 parent, 1 parent earner	26	22	8
1 parent, no parent earner	4	8	3
All parents earn	24	17	5
Not all parents earn	11	7	2

[1] Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, Bureau of Labor Statistics, U.S. Department of Labor.

[2] Within each age group, expenditures by the number of parents and number of parent earners are shown.

[3] A second classification of the same families is included. The category "all parents earn" includes 2-parent, 2-earner and 1-parent, 1-earner families. The remaining families are in the category "not all parents earn."

parents earning, that is, a working wife or unmarried working parent. Forty percent of the CES respondents had some child care expenses, compared with 47 percent of the PSID sample. The average cost of all-earner CES families with expenditures for child care was $21, and the modal cost category (reported by 26 percent of the families) for the PSID was $20 to $37.

Child care expenditures for school age children were reported by 20 percent of the families in the CES, compared with 17 percent in the Virginia sample and 15 percent in the Minnesota sample. The average weekly cost of those reporting expenditures in the CES was $15. The modal category for each State was $1 to $20.

A comparison of CES data with the IRS tax credits is complicated by several factors. Families with children less than 15 years old were eligible for the tax credit. The expenditure estimate of $25 per week for child care assumed that the credit represented 20 percent of the cost and that the family did not incur expenses over the maximum of $2,000 per child. Also, persons who were willing to complete special forms may have had higher than average child care costs, and the incomes of these families were higher--64 percent of those claiming the credit in 1981 had incomes above the median level (8).

Evaluating Measures of Child Care Costs

Expenditures for child care from the CES data reported in this paper are similar to those from other studies that were discussed here. The reported expenditures, however, are substantially less than fees associated with center care or day care homes. The difference is due primarily to the large number of families who care for their children with an assortment of arrangements that include parental care, self-care, and many noncash or low-cost agreements with family members or others.

The CES reports only out-of-pocket expenditures for child care. It does not record the cost of parental care in terms of opportunities for employment, advancement, or other income-producing activities that are forfeited in order to provide time and opportunity to care for children. Nor does the CES measure costs to the family or society that may be associated with self-care, sibling care, or inexpensive, but ill-qualified, caretakers. If these costs could be included, the cost of child care would be much higher than that reported as expenditures.

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Mothers' Labor Force Activity[1]

Mothers today typically do not wait to see their youngest child off to school before entering or reentering the work force. In 1985, nearly 60 percent of all children under 18 had mothers in the labor force, compared with less than 50 percent in 1975. Over the decade, the number of children involved rose by 5.8 million to 33.5 million. Slightly more than one-half of this increase occurred among children under age 6.

One-half of all mothers of children under 3 and 60 percent of those with youngest child between the ages of 3 and 5 were in the labor force in 1985. Overall, 62 percent of women with children under age 18 were in the work force. Comparable figures for mothers in the labor force in 1975 were 34 percent with children under 3, 45 percent with children between 3 and 5 (none younger), and 47 percent with children under 18.

The majority of employed mothers work full time (35 hours a week or more). Sixty-seven percent of employed mothers with children under 3 years worked full time in 1985; comparable figures were 70 percent and 73 percent for mothers whose youngest child was 3 to 5 years and 6 to 17 years old, respectively.

Overall, black mothers had a slightly higher labor force participation rate (64 pct) than white mothers (62 pct) in 1985. This difference between races has decreased since 1975, when the participation rate for black mothers was 56 percent and that for white mothers, 46 percent. In 1985, although labor force participation rates were about the same for black and white mothers whose youngest child was between 6 and 17 years old (71 pct and 70 pct), there was a 5-percentage-point difference between black women and white women with children under age 6 (58 and 53 pct).

New Data Series

A newly expanded series of statistics from the U.S. Bureau of Labor Statistics provides information on labor force participation rates of mothers of young children. Labor force participation rates were previously disaggregated by the age **group** of the youngest child of the working mother; however, now they are also disaggregated by the **single** year of age of the youngest child.

Married mothers of infants age 1 or younger were more likely to be in the labor force in 1985 than single-parent mothers were. Rates were about the same for married and single-parent mothers with children ages 2, 3, and 4. When the youngest child's age was 5 or older, however, single-parent mothers had a higher labor force participation rate than married mothers; disparity was greatest for mothers whose youngest child was 16 or 17 years old (see table). Also, single-parent mothers were more likely than married mothers to work full time (82 and 68 pct).

A comparison of wives' labor force participation rates in 1970, 1975, 1980, and 1985 by single year of age of youngest child indicate that rates grew fastest among mothers of infants and very young children. Mothers of infants age 1 and younger, for example, doubled their labor force participation in the 15-year span. There was a 77-percent increase in labor force participation among mothers with youngest child age 2, and a 60-percent increase among mothers whose youngest was 3. In general, rates increased faster between 1975 and 1980 than during other 5-year intervals.

Families with children are becoming more dependent on a mother's earnings. By using the single year of the youngest child's age, researchers will be better able to monitor changing labor force trends, interpret changing family economic structures, and project demand for family services such as child care.

Sources: Hayghe, Howard, 1986, Research Summaries--Rise in mothers' labor force activity includes those with infants, Monthly Labor Review 109(2)43-45; U.S. Department of Labor, Bureau of Labor Statistics, 1985, Labor force activity of mothers of young children continues at record pace, News, USDL Publication No. 85-381.

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[1] Data derived from information collected each March in the Current Population Survey, a monthly household survey conducted for the Bureau of Labor Statistics by the U.S. Bureau of the Census, and related to the employment status of the noninstitutional population 16 years and over.

Labor force status of wives and women maintaining families, by presence and age of youngest child, March 1985

Presence and age of child (years)[1]	Civilian noninstitutional population (in thousands)		Labor force participation rate	
	Wives	Women maintaining families	Wives	Women maintaining families
Total	50,395	10,524	54.3	61.0
No children under 18[2]	26,170	4,179	48.2	50.7
With children under 18	24,225	6,345	61.0	67.8
Under 6	11,728	2,390	53.7	53.2
Under 3	7,306	1,146	50.7	44.5
1 and under	5,185	728	49.4	38.0
2	2,121	418	54.0	55.7
3 to 5	4,422	1,244	58.6	61.2
3	1,728	423	55.1	54.8
4	1,433	380	59.7	61.8
5	1,261	441	62.1	66.7
6 to 17	12,498	3,955	67.8	76.6
6 to 13	8,387	2,609	68.1	75.7
6	1,165	358	64.5	76.0
7	1,147	339	67.3	75.5
8	995	295	69.2	69.8
9	1,003	312	66.2	78.8
10	1,008	328	68.2	79.6
11	959	303	69.2	72.9
12	1,031	351	71.4	75.5
13	1,079	323	69.5	76.8
14 to 17	4,111	1,346	67.0	78.5
14	1,137	374	70.3	78.6
15	1,115	328	67.9	73.5
16	949	302	64.2	81.1
17	910	342	64.9	80.7

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[1] Children are defined as "own" children of householder and include never-married sons, daughters, stepchildren, and adopted children. Excluded are other related children such as nieces, nephews, or grandchildren, and unrelated children.

[2] May include children 18 years or over and/or other persons related by blood, marriage, or adoption.

Note: Due to rounding, sums of individual items may not equal totals.

Source: Hayghe, Howard, 1986, Research Summaries--Rise in mothers' labor force activity includes those with infants, Monthly Labor Review 109(2)43-45.

Earnings of Married-Couple Families

The working wife has become an integral feature of the U.S. economy and an important factor in determining the economic level of the family. Both husband and wife had earnings in nearly two-thirds (63 percent) of the 42.2 million married-couple families with at least one spouse employed during 1983. The mean earnings of those dual-earner couples was $32,468, and $39,390 if both spouses worked year round, full time. Annual earnings averaged $24,230 if only the husband was an earner.

These data were obtained in the March 1984 Current Population Survey and are presented in a new U.S. Bureau of the Census report. Earnings data for 1983 are included for husbands and wives, both individually and as married couples, classified by each spouse's annual work experience, age, occupation, and education; and by presence and age of children. Some comparisons of 1983 with 1981 earnings of husbands and wives (as individuals only) also are presented.

Wives had mean earnings of $10,164 in 1983, 7.9 percent higher in constant dollars than the 1981 level. The difference was significant at the 95 percent level of confidence. The 1983 mean earnings of husbands ($22,980) did not differ significantly from the 1981 level, however.

The ratio of mean earnings of all working wives to those of all working husbands increased from 41 percent in 1981 to 44 percent in 1983 (see box). For year-round, full-time workers, the ratio increased from 55 percent in 1981 to 57 percent in 1983. When only households in which both spouses had earnings in 1983 were included, wives' earnings averaged 46 percent of husbands'; and 64 percent when both were employed year round, full time.

In interpreting these data, it should be noted that the report covers 1983, a year of economic recovery following the recession that ended in the latter part of 1982. That situation may have had some effect on the relationship between earnings levels of husbands and wives. The data should not be used to examine issues such as possible sex discrimination and differences in the monetary gains from education. Such analyses should be based on the experience of all earners (of which husbands and wives are only a subset) and on more detailed data from persons with similar educational backgrounds, degrees, specific occupations, and previous lifetime work experience.

Approximately 4.8 million wives had earnings that exceeded those of their husbands in 1983. This number represents about 18 percent of the 26.1 million married couples in which both spouses were earners. In addition, about 8 percent of wives had earnings from 80 to 100 percent of their husband's. Wives earning more than their husbands were more likely than other earning wives to be working year round, full time; to have no minor children at home; to have completed college; and to work in a professional specialty or executive, administrative, or managerial occupation.

The 1983 mean earnings of husbands and of wives by selected characteristics of earner and by presence and age of children are presented in the table on page 11.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Earnings in 1983 of Married-Couple Families, by Characteristics of Husbands and Wives, Current Population Reports, Series P-60, No. 153.

Mean earnings of husbands and wives, by selected characteristics, 1983

Characteristic	Husbands	Wives
Total, 15 years and over	$22,980	$10,164
Age (years)		
15-24	12,217	7,258
25-34	20,000	10,352
35-44	26,336	10,998
45-54	27,008	10,956
55-64	24,048	9,777
65 and over	11,932	4,948
Age of own children under 18 years		
No own children	22,167	11,088
1 or more own children	23,596	9,365
All under 6	20,461	9,192
Some under 6, some 6-17	22,329	8,150
All 6-17	25,760	9,877
Work experience		
Worked at full-time jobs	24,138	12,900
50-52 weeks	26,532	15,041
49 weeks or less	13,673	7,423
Worked at part-time jobs	7,875	4,603
50-52 weeks	12,032	6,849
49 weeks or less	4,915	2,848
Years of school completed		
Less than 12	14,559	6,658
High school (4 years)	19,912	8,997
College:		
1-3	23,122	10,612
4	30,898	13,211
5 or more	37,142	17,760
Occupation of longest job		
Executive, administrators, and managerial	33,037	15,741
Professional specialty	32,592	14,384
Technical and related support	25,195	12,895
Sales workers	25,206	7,572
Administrative support, including clerical	21,153	10,504
Precision production, craft, and repair	20,034	10,138
Operators, fabricators, and laborers	17,079	8,610
Service workers	14,786	5,635
Farming, forestry, and fishing	10,023	2,230

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Earnings in 1983 of Married-Couple Families, by Characteristics of Husbands and Wives, Current Population Reports, Series P-60, No. 153.

Contributions and Gifts of Cash

By Kathleen K. Scholl
Consumer economist

Three of five households give gifts of cash to individuals outside the immediate family or make a contribution to a charitable, religious, educational, political, or other organization, according to analysis of 1981 data in the Consumer Expenditure Survey. Churches and other religious organizations receive gifts from two of five households; of all the recipient groups, religious organizations benefit from the highest contribution per household. Giving households have above-average family income and are homeowners or occupy rent-free housing.

Because cash contributions may be distributed throughout the year in numerous, often small amounts, the magnitude of familial giving is not readily apparent. The American Association of Fund Raising Counsel[1] estimates that $55 billion was given to charitable organizations in 1981. Living individuals contributed $46 billion, and the remainder was donated through bequests from estates, corporations, and foundations.

Families choose whether or not to share their financial resources with others. In deciding to become a benefactor, a family must consider how much to give and identify recipients who carry out a desirable societal function that the family seeks to promote. Discretionary allocations may not be a conscious implementation of the family's values, however. When asked why they gave to a certain charity, most of the respondents in two national surveys of 1973 philanthropic gifts (1), were unable to provide a spontaneous answer. Apparently, many do not question or think about their own charitable motives. Most givers, however, approved of the organization's goals, thought the organization needed the money, or felt obligated to give a contribution. A sense of belonging motivated many of the religious gifts. The receipt of a benefit from the charity, such as a family member receiving a blood transfusion, was another cited motive. Pressure or a quota was expressed as a motive for donations to combined appeals, such as a community chest drive.

Personal involvement with the charity can provide a motive to donate money. A correlation between gifts of money and the volunteering of time was found in the 1973 study of charitable contributions. Nearly one-fourth of the gifts of money were accompanied by donations of time. For another one-third of the monetary donations, the giver knew someone involved in running the organization.

The recent availability of information about familial giving of cash to organizations and individuals outside the immediate family permits an indepth examination of contributions. This article reports the mean dollar amounts given to others (levels of giving) by selected socioeconomic characteristics, levels of giving by certain recipient categories (such as gifts to educational organizations), and characteristics of households who give cash to others.

Levels of Giving by Household Characteristics

In 1981 gifts of cash to individuals outside the family and to organizations averaged 2 percent ($353) of before-tax household income for all households, as calculated from the interview portion of the continuing Consumer Expenditure Survey (CES).[2] Survey respondents are asked in the fifth questionnaire to report the annual dollar amounts if anyone in the household[3] had made gifts of cash, bonds, or stocks to persons not in the household; or contributions to charitable, religious, educational, political, and other organizations. A total of 4,783 households were asked these questions in 1981 and form the basis of this analysis.

The amount given increases with household income (table 1). As in the 1973 study, however, those with low income give a larger proportion of their income than do those in high-income categories. For example, house-

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[1] Personal communication on July 8, 1986.

[2] Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics.

[3] See footnote 2 in table 1, p. 13.)

Table 1. ***Contributions and cash gifts, by selected socioeconomic characteristics of households, 1981*** [1]

Household[2] characteristic	Average income (dollars)	Average amount given (dollars)	Proportion of income given (percent)
All households[1] (n = 4,783)	20,662	353	1.7
Household income (before taxes)			
Under $5,000	2,680	111	4.1
$5,000-$9,999	7,346	218	3.0
$10,000-$14,999	12,268	239	1.9
$15,000-$19,999	17,391	324	1.9
$20,000-$24,999	22,286	311	1.4
$25,000-$29,999	27,307	295	1.1
$30,000-$39,999	34,085	574	1.7
$40,000 and over[3]	56,094	998	1.8
Incomplete income respondents[4] (n = 714)	--	285	--
Household composition			
Husband and wife only	23,570	518	2.2
Husband and wife with oldest child--			
Under 6 years	23,338	226	1.0
Over 5, but under 18 years	27,458	475	1.7
18 years and older	32,299	577	1.8
Single parent with child under 18 years old:			
Male parent	20,354	317	1.6
Female parent	10,511	81	0.8
Urbanization and region			
Rural	14,809	350	2.4
Urban	21,237	354	1.7
Northeast	20,675	288	1.4
Midwest	20,655	386	1.9
South	20,878	328	1.6
West	22,946	412	1.8
Housing tenure			
Homeowner:			
With a mortgage	28,804	454	1.6
Without a mortgage	19,552	545	2.8
Renter	13,598	137	1.0
Occupy without payment	12,764	217	1.7
Age of reference person[5] (years)			
21-29	17,495	132	0.8
30-39	24,484	269	1.1
40-49	28,204	490	1.7
50-59	25,904	491	1.9
60-69	18,251	479	2.6
70-79	12,150	509	4.2
80 years and older	12,153	378	3.1
Highest educational level of reference person			
Never went to school	9,452	77	0.8
Grade 1 through 8	11,857	201	1.7
Grade 9 through 11	14,671	194	1.3
High school graduate	21,635	290	1.3
Course work beyond high school	21,255	359	1.7
College graduate	28,005	665	2.4
Course work beyond bachelor's degree	29,969	677	2.3

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[1] Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics. Only consumer units responding to the 5th questionnaire for 1981 are reported.

[2] The term "household" is used for convenience. The Consumer Expenditure Survey uses "consumer unit" to define a single person or group of persons in a sample household who are related by blood, marriage, adoption, or other legal arrangement, or who share responsibility for at least 2 of 3 major types of expenses.

[3] Average income for this category reflects 115 cases that were topcoded at $75,000. Amount given was not topcoded; therefore, this group probably gave less than 1.8 percent of their income.

[4] A value for at least one of the major sources of family income was not provided.

[5] Reference person is the first person named by the respondent as owning or renting the home.

holds with before-tax income of $5,000 to $9,999 give away 3 percent of their income, whereas those with $20,000 to $29,999 give 1 percent. Similar giving patterns also emerge for those who itemized deductions on their 1981 Federal income tax forms (2) (see box).

Interestingly, one- and two-earner households average the same level of giving ($337 and $339, respectively), indicating that the addition of a second paycheck does not increase discretionary giving to others. This is confirmed by the proportion of income that is given away--one-earner households give 2 percent, whereas two-earner households give 1 percent of their before-tax income.

The presence of young children in the household, especially under the age of 6, lowers the mean level of giving to others. Although average income is about the same for husband-and-wife-only households and couples with children under the age of 6, the level of giving drops by more than one-half for those with a young child. Single-parent households headed by a female give 1 percent of their income, compared with 2 percent given by those headed by a male. Adequacy of income to cover living expenses probably influences this difference; the income of a single-parent female averages only one-half the income of a single-parent male.[4]

Location in a rural as compared with an urban area has no effect on the level of giving. Of the urban households, however, those in the West tend to give the most; those located in the Northeast give the least. Urban households located in the Northeast give away 1 percent of their income; urban households located in the other regions give 2 percent.

Households who own their homes tend to give more than average, and those without a mortgage give more than those who have mortgage expenses. Renters give less than average. As indicated in table 1, renters are constrained in their giving by a low average income. In addition, differences in levels of giving may be influenced, in part, by the age of the reference person.[5] Homeowner reference persons who do not have a mortgage average 63 years in age--20 years older than those with a mortgage (43 years). Reference persons of renting households average 39 years of age.

Generally, age of the reference person is associated with the level of giving. Those 39 years of age and under give 1 percent of their before-tax income. Households with reference persons 40 years old and over average 2 percent or more of their income in gifts. Older households vary in the proportion of income they give to others. Households whose reference person is 60 to 69 years old give 3 percent of their income.

CHARITABLE TAX DEDUCTIONS

Three of ten Federal income tax itemizers deducted a charitable contribution in 1981. Cash contribution deductions averaged about $900 per return, or about 4 percent of adjusted gross income (AGI). A higher percentage of income was given by low-income itemizers than was given by high-income itemizers. For example, those with AGI of $5,000 to $9,999 had cash contributions that averaged about 8 percent, whereas those with AGI of $20,000 to $24,999 gave away 3 percent of their AGI.

Since only one-third of 1981 Federal income tax returns included itemized deductions, these averages reflect the giving patterns of a limited group of U.S. taxpayers. Generally those with high incomes benefit from itemizing their deductions. This is illustrated by the number of filers who itemize a charitable cash contribution at various income levels--9 of 10 filers with AGI over $50,000 itemize a cash contribution, compared with only 2 of 10 with AGI of $10,000 to $14,999.

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[4] Level of income affects the ability to give. Levels of giving by socioeconomic characteristics described in this section are influenced by the household's income.

[5] Reference person is the first person named by the respondent as owning or renting the home.

This increases to 4 percent for 70- to 79-year-olds but drops to 3 percent for those 80 years and older. The differences by age suggest that retirement is an important factor in the giving of resources. Households with retired reference persons give more than average--$406, or 3 percent of the retired household's income.

Other characteristics of the reference person influence the level of giving. The completion of college courses influences the level of giving more than any other educational achievement. Although the average amount of gifts nearly doubles with graduaation from college (from $359 to $665), the proportion of income given does not increase.

Households with the reference person in managerial, professional specialty, technical, sales, and administrative support occupations give more than average. Households with reference persons employed in service, precision production, craft, repair, operator, fabricator, and laborer occupations give less than the mean level of contributions. Households with self-employed reference persons give above average in cash gifts to others.

Among the marital status categories, households with married reference persons have the highest level of giving ($458) and give away 2 percent of their income. Households with reference persons who are widows or widowers give 3 percent of their income. Households with separated and never-married reference persons give 1 percent and average lesser amounts ($140 and $113).

Level of Giving for the Various Recipient Groups

Charitable groups and religious organizations receive cash gifts from 4 of 10 households, and educational and political causes receive contributions from 1 of 10 households (table 2), according to analysis of 1981 CES data. Individuals outside the immediate family receive gifts of stocks, bonds, or cash from 1 of 10 households.

An average of $512 is given by the households who give to religious organizations (table 2). Of these households nearly one-third give to their religious affiliation only and do not contribute to other causes.

An average of $147 is given by the households who give to charities, such as the Red Cross or United Fund. One-fourth of these households give to charities only. Households giving to charities and/or religious organizations are somewhat unlikely to give to other groups; only one-half of these households give to any other recipient group. In contrast, nearly all households who make a gift to an educational institution also give to another recipient group.

Nearly one-fourth of those who give to political organizations give $1 or $2. A contribution of this amount suggests that these households are reporting the Federal income tax check-off for the Presidential Election Campaign fund as a contribution. None of the other recipient groups have a similar proportion of small cash contributions.

Individuals outside the immediate family are another major cash recipient group; 14 percent of households make nonsupport gifts (excludes child support, alimony, and support for children away at college). The average size of these gifts ($493 per giving household) and the frequency of occurrence in comparison with other contributions suggests that families directly redistribute income to persons they choose rather than use an intermediary organization for this purpose.

Table 2. *Contributions and cash gifts, by recipient groups for giving households, 1981*[1]

Recipient groups	Giving households (percent of total)	Average amount given (dollars)
All giving households	60	592
Churches and other religious organizations	41	512
Charities, such as Red Cross and United Fund	39	147
Educational organizations	6	166
Political organizations	7	71
Other organizations	4	161
Gifts of stocks, bonds, and cash to individuals outside the family	14	493

[1] Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics. Only consumer units responding to the 5th questionnaire for 1981 are reported.

Characteristics of Giving Households

Sixty percent of households give to others; 40 percent do not make contributions or give cash to anyone outside their household, according to analysis of 1981 CES data. A discriminant analysis was conducted to determine the characteristics that differentiate between the two groups.[6] When the 21 variables were used collectively to predict whether or not a household is likely to give its financial resources, only income and housing tenure were found to discriminate between giving households and those who did not give.

A higher than average before-tax income identifies giving households; their income averages $23,798, compared with $14,747 for nongiving households. Families with below-average income apparently use most of their financial resources for their own consumption, whereas those with above-average income are more likely to have sufficient financial resources to meet their own consumption needs and to satisfy their charitable motivations. This finding seems to conflict with that concerning the household's proportion of income given to others by various income levels. The discriminant analysis was used to identify characteristics of giving and nongiving households. The description of levels of giving for all households, both giving and nongiving, includes many household characteristics that do not discriminate between the two groups. The implication of the two findings regarding income is that a household must have sufficient income in order to give to others; however, those with low incomes tend to give away a larger proportion of their income than do those with high incomes.

Housing tenure influences the household's decision to give. Households who rent their housing tend not to give to others; households who own their homes or occupy rent-free housing, however, are likely to give their financial resources to others.

In summary, giving households are characterized by high incomes and are homeowners or occupy their housing without payment. Those not likely to give to others rent their homes and have low household incomes. This information will be useful to financial counselors in identifying benefactor families. The level of giving is affected by many household characteristics, such as presence of young children, and educational attainment and age of the reference person. This information can be helpful to counselors and educators in advising families on their level of giving.

REFERENCES

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2. Department of the Treasury, Internal Revenue Service. 1983. 1981 Individual Income Tax Returns. Publication 79 (8-83).

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[6] Twenty-one variables were tested with a forward stepwise discriminant analysis. The analysis revealed a significant multivariate Wilks' lambda (λ = .86) for a set of 12 variables. Examination of the standardized discriminant function coefficients indicated that the age of the reference person, level of before-tax income, and housing tenure were the most influential variables in determining group differences. The level of before-tax income and housing tenure loaded highly and contributed to the discriminant scores. Over two-thirds (68 pct) of the analysis group were correctly classified for the discriminant function. Cross validation resulted in two-thirds (66 pct) correctly classified.

Planning for Tomorrow's Elderly[1]

By Joyce Matthews Pitts
Home economist

The economic consequences of an aging population are the focus of growing concern and debate. From 1946 to 1964 there were more than 75 million births in the United States (12). This group, often referred to as the baby boom generation, will begin retiring in about 22 years. Many experts believe that serious problems will arise unless plans are implemented to fund the retirement of this large cohort of future elderly.

Americans for Generational Equity (AGE), a nonpartisan research and public education group based in Washington, DC, has focused national attention on this issue. In April 1986, AGE sponsored its First National Conference of Americans for Generational Equity, entitled, "Tomorrow's Elderly: Planning for the Baby Boom Generation's Retirement." Papers presented at this conference explain the views of those concerned with the future economic well-being of the elderly and the nonelderly. The following is a summation of the issues presented.

DEMOGRAPHICS AND ECONOMIC COMPARABILITY

The Nation is facing a grandparent explosion. Because of the baby boomers' large numbers, low-fertility rates, and unprecedented life expectancies, the 65-and-over population is expected to grow 4-1/2 times as fast as the rest of the population between now and the middle of the 21st century (12). At present there are about 5.9 million persons age 80 and over in the United States. It is projected that this group will total 17 million by 2030 and 26 million by 2050. The number of women 80 years of age and over could equal the number of women in each of the other age groups, and the "great-grandma boom" will have arrived (12). These projections imply that the support ratio (the number of working persons per number of elderly persons) will change dramatically. Currently this ratio is 5 working persons for each elderly person; by 2030 this ratio is expected to be 2.5 to 1 (4).

The economic comparability of the aged and nonaged has become a central issue in debates on whether or not the Government should reduce or means test benefits to the elderly, either now or in the future. The economic well-being of today's elderly has greatly improved over recent years. Their poverty rate fell below the rate for children in 1974 and below that for the population as a whole in 1982 (11). When noncash transfer payments are taken into account, the poverty level for the elderly falls to about 4 percent (10). After taxes, the average per capita income of the elderly is 13 percent higher than for all Americans (11).

According to Levy and Michel (9), the economic status of young people has not improved as much as that of the elderly. Before 1973 the average man experienced a real earnings increase of about 110 percent between ages 25 and 35. After 1973 a comparable man received an earnings increase of only 16 percent. In 1984 less than 50 percent of typical young families, with the parents aged 25 to 34, and one child under age 12, owned their homes.

PROBLEMS OF AN AGING POPULATION: ECONOMIC CONCERNS

The Federal Deficit

Federal social insurance programs currently are the bases for financial security for the elderly. Social Security, medicare, and other services to the elderly represent a large part of the Government's fiscal responsibility. About one-fourth of total Government spending is used to support these programs (7). In the future there may be a conflict between the growing needs of the elderly population and a Federal budget that cannot cover its current commitments. Lamm (8) points out that we are the world's largest debtor nation, owing more than Mexico, Brazil, and Argentina combined. By spending more than we make, we can live for a time beyond our means, thus avoiding the consequences of slow economic growth. According to Levy and Michel (9), ending the Federal deficit will likely require tax increases and budget cuts--painful choices and ones that could lower living standards for the short run.

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[1] Issues discussed throughout this report represent the opinions of individuals who presented papers at the First National Conference of Americans for Generational Equity. Citations refer to conference papers, not to sources used by presentors in support of these opinions.

Social Security Tax Increases

We depend on intergenerational income transfers to support Social Security. Taxes paid by today's workers are not invested for their future retirement, but are used to support today's retirees. Initially this required only a modest investment on the part of the worker. As late as 1965 the maximum annual Social Security tax was only $348 for both the employer and employee (6). Recently, however, payroll taxes have risen faster than other tax obligations. The maximum annual Social Security tax is now over $6,000; by the end of the decade it is expected to be almost $8,000. Some projections estimate that a future tax of more than 40 percent could be required to support Federal retirement programs (Social Security, medicare, and others) under currently legislated benefit levels (4).

Most of today's elderly will receive more in Social Security benefits than they paid into the program. This will not be true for today's young workers, however. Even if they draw all the benefits provided under current law, baby boomers will still receive low, and in some cases negative, returns on the taxes that they have paid into the system. Ferrara (6) states that workers would be better off if they could privately invest what they and their employer currently contribute to Social Security. He estimates that at a 6-percent real return workers would receive 3 to 6 times the retirement benefit promised by Social Security. Meanwhile, Lamm (8) says that there is growing concern that Social Security and medicare take money from some who are almost poor to pay some who are rich.

Ferrara (6) further states that the Social Security program does not pay equal returns to all workers. In particular, it pays lower returns to two-earner couples, childless couples, and single workers. Social Security and medicare also tend to discriminate against minorities and others who have low life expectancies. Goodman (7) notes that raising the retirement age under Social Security and the eligibility age under medicare (often suggested as possible solutions to the financial problems of these programs) would intensify the effects of this discrimination. Minorities, for example, are overrepresented among taxpayers (14.4 percent) and underrepresented among medicare beneficiaries (8.6 percent).

Medicare's Financial Crisis

The elderly depend on medicare and medicaid for about 64 percent of their health costs (5). Rising medical costs may cause massive cuts in future medicare benefits, however. The U.S. Department of Health and Human Services estimates that the average man who retired last year can expect to receive about $28,255 in medicare benefits after having paid only $2,640 in medicare taxes (7). This contributes to the financial crisis that medicare is experiencing. Etheredge (5) predicts that the hospital insurance trust fund will be bankrupt by 1991 and will incur a $1 trillion deficit by 2005.

The need for long-term health care financing will rise rapidly with the increasing numbers of the most dependent elderly--those over age 85. The nursing home population is expected to double between 1980 and 2010, and double again by 2050 (5). Very few insurance companies provide coverage for such long-term care. Nursing home costs now average about $14,000 per year. Few elderly are able to sustain such costs for very long; therefore, more than one-half of all long-term care is publicly financed. Future demographic trends may strain the ability of public programs to maintain current levels of assistance, however. The United States spends eight times more on health care than any of its industrial competitor nations, but the mortality and morbidity statistics are the same (8). Extended life expectancies will require innovative and economical approaches to quality health care.

PROPOSED SOLUTIONS TO PROBLEMS CAUSED BY AN AGING POPULATION

Continue Social Insurance

Some experts believe that with only modest economic growth, currently legislated taxes are sufficient to pay Social Security benefits for the next 75 years (1). Even with poor growth they foresee surpluses that will accumulate over the next 25 years, allowing ample time to respond to shrinking funds with higher taxes or lower benefits if the need arises. These experts feel that Social Security will continue to play an important role in contributing to the support of future elderly generations. Most agree, however, that members of the baby boom generation need to have additional sources of retirement income.

Increase Private Pension Use

Private pensions currently provide only 14 percent of retirement benefits (5). Efforts to encourage greater use of private pensions to supplement Social Security have not been very successful; only about one-half of all workers are employed by a firm that offers a pension plan. One-half of workers who have private pension plans are not fully vested;[2] therefore, only one-fourth of all workers are now entitled to a private pension upon retirement. Pension reforms would make more people eligible to receive benefits. A first step could shorten requirements for vesting. Currently almost 90 percent of private pensions require 10 years of service before vesting occurs (3). Private pensions also need to be portable.[3] American workers change jobs, on the average, six or seven times during their careers. A worker who changes jobs just once reduces the value of his or her pension by 28 percent (2). Pensions tied to the person and not the job would allow workers to change jobs, or leave and re-enter the labor force without losing or reducing their accrued pension benefits. A private, central, federally managed pension fund has been proposed that would be available to all workers, be completely portable, and allow immediate vesting (2).[5]

Expand Individual Retirement Accounts (IRA's)

About one-fifth of American households have IRA investments (13). Twelve percent of householders age 25 to 34, and 22 percent of those age 35 to 44 have IRA's or Keogh accounts (12). These accounts represent a small percentage of the net worth of these groups, however.

A Super IRA has been proposed that would allow workers to contribute additional amounts to their retirement investments (6). A 100-percent income tax credit would be allowed to the extent that they forego future Social Security benefits and rely on their Super IRA for their retirement income. Workers would still be required to contribute to Social Security, however, so that benefits to today's elderly would not be affected.

One organization has proposed privatizing medicare through Medical IRA's (MIRA's) (7). This plan would allow individuals to make annual contributions into a MIRA. Accumulated funds would enable retirees to pay for their own medical expenses and to purchase private health insurance for retirement.

Reevaluate Insurance Uses

Currently about 69 percent of elderly males and 57 percent of elderly females own life insurance (13). The importance of life insurance in the attainment of financial security for future elderly is expected to increase. Life insurance cash values can be used for retirement income. Alternatively, coverage could be maintained to help support a surviving spouse after the death of the insured.

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[2] The term "vested" refers to the right of an employee to receive earned pension benefits even if employment under the plan is terminated before retirement. The employee's contributions to the plan are always refundable upon termination of employment, whether employee is vested or not.

[3] The term "portable" refers to an employee's right to carry earned pension benefits to a different job or employer.

[5] For additional information on pensions, see "Pensions" by Frankie N. Schwenk on pp. 8-13 of the Spring 1981 issue of Family Economics Review.

There is also a great need for private health insurance during retirement. A few companies are beginning to offer some health care coverage for the elderly. Major policy reforms involving the entire system of health care financing and the delivery of health care services for all Americans may be required.

IMPLICATIONS FOR THE BABY BOOM GENERATION

The Nation has many problems that could affect the ability of future generations to cope with the added strain of a large elderly population. Concerns such as the large national debt, a trend of downward economic mobility for young adults and children, declining quality education for today's children, and low savings rates are all competing for attention. Choices will have to be made. In the past these choices have favored the elderly. Some experts believe that in the future more consideration and support may have to be given in areas that improve the status of the young.

The baby boom generation must plan for added years in retirement, taking into consideration that paying for Social Security and other public retirement programs will be imposing a heavy financial burden on the much smaller, working generation that follows. It is generally agreed that their future retirement will be best financed by a three-tiered approach--strong social insurance, substantial personal savings, and portable private pensions.

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Agricultural Outlook '87 Program — Outlook for Families

The Agricultural Outlook Conference will be held from December 2 to 4, 1986, in Washington, DC. To obtain additional information about this free Conference or to register in advance, write: Outlook Conference, Room 5143 South Building, USDA, Washington, DC 20250, or call 202-447-6050. To obtain Conference materials and identification badge, participants are directed to the Patio in USDA's Administration Building at 12th Street and Independence Avenue.

On Wednesday, December 3, several sessions will be of interest to consumers and professionals working with families:

8:30-9:30	COTTON OUTLOOK **International Textile Trade: The Consumer's Stake** Rachel Dardis, University of Maryland
10:15-11:15	USDA MONITORS THE AMERICAN DIET **First Report From the Monitoring Committee** Susan O. Welsh, HNIS, USDA **USDA's Continuing Survey** Suzanne S. Harris, Deputy Assistant Secretary, USDA **Diets of the Elderly** Robert B. McGandy, Tufts University **Methods Make a Difference** Frances A. Larkin, University of Michigan
12:30-2:30	ECONOMIC OUTLOOK FOR SELECTED FAMILY TYPES **Economic and Social Concerns of Dual-Earner Families** Theodora Ooms and Sandra Hanson, The Catholic University of America **Economic and Social Concerns of Single-Parent Families** (to be announced) **Trends in Income for the Young and Elderly** Paul Ryscavage, Bureau of the Census
3:30-4:30	OUTLOOK FOR FOOD PRICES **The Impact of Imports on Food Prices** Jean Kinsey, University of Minnesota

Housing Assistance Program Participation

In July 1984 the chairman of the House Subcommittee on Housing and Community Development (House Committee on Banking, Finance, and Urban Affairs) requested a General Accounting Office (GAO) examination of low-income housing-assistance payment programs. This request was made in anticipation of hearings to be conducted on low-income housing legislation.[1] The Subcommittee was particularly interested in determining any demographic, socioeconomic, and geographic patterns in program participation, and in ascertaining the effects of the programs on the availability and affordability of low-income housing. The report was undertaken in response to the chairman's request.

GAO selected to review two housing programs that represent the most relevant housing allowance experiences to date. Both programs supply allowance payments to help participants pay the rent for housing units they locate for themselves in the private housing market. The first, the **Experimental Housing Allowance Program** (EHAP), a voucher program conducted in 12 locations between 1973 and 1983, assessed the feasibility, usefulness, and effects of housing allowances. EHAP included a subexperiment called the Housing Allowance Demand

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[1] The Subcommittee on Housing and Community Development conducted hearings on low-income housing in February and March of 1985, resulting in The Housing Act of 1985 (H.R. 1), which was pending before the Senate when this issue went to press.

Experiment (HADE), which involved 3,400 households in Phoenix and Pittsburgh in 1973-76. The primary purpose of HADE was to provide estimates of participant responses to a range of program elements such as the amount of the payment, the way in which it was determined, and whether housing standards were to be met before payment. The second program, the **Section 8 Existing Housing Program**, with a similar allowance-like approach, is the largest ongoing low-income housing program. It was established in 1974, and helps low-income families by supplementing their rent with payments given directly to their landlords. The payments equal the difference between about 25 percent of a household's income and its rent, up to a fair market rent for local geographic areas. (For comparison of physical requirements of HADE and the Section 8 Existing Program, see table.)

The GAO report answers three main questions concerning these housing programs: (1) What are the program participation rates and demographic profiles? (2) What are the effects of the programs on the participants? and (3) What are the effects of the programs on the low-income housing market?

Program eligibility is determined by household income level. The size of the eligible population has usually been estimated from census data or from the American Housing Survey (a survey designed by the U.S. Department of Housing and Urban Development and carried out by the U.S. Department of Commerce's Bureau of the Census). Overall participation rates in the programs, measuring households who met program requirements and actually received a program payment, range from 33 percent to 86 percent depending on site location. The study found different rates of participation among demographic groups. Households headed by women, and very poor and welfare households have high participation rates, but large households have moderately low participation rates, relative to their eligibility.

Under these housing programs, housing quality is assured because recipients have to meet minimum housing standards in order to receive payments. Housing and public health associations have developed minimum guidelines for safe, decent housing; program enrollees are required to reside in units that pass these fixed guidelines before receiving allowances. Minimum housing quality is defined in terms of housing occupancy (or crowding) and its physical condition. For example, there must be one sleeping room or living and sleeping room for every two persons; and there must be complete kitchen facilities, complete bathroom plumbing, light fixtures in the bathroom and kitchen areas, electrical service, adequate fire exits, and acceptable heating equipment. Standards are enforced by means of annual inspections, which may encourage the maintenance of units that might otherwise be allowed to deteriorate.

Forty percent of participants qualified for the programs without notably changing the quality of their housing; therefore, the programs do not notably improve the quality of housing for all households. Of the 60 percent who did not qualify, one-third notably upgraded their living units and two-thirds moved to new housing. Those households who moved in order to qualify for the programs experienced the greatest rent increases. Rent burden (defined as the ratio of the cost of rent, with utilities, to gross income) of program enrollees, however, was lowered from about 40 percent to about 25 percent.

There is no evidence to suggest that housing costs increase significantly in areas where full-scale housing allowances are introduced. Observed price increases were found to result from normal economic inflation rather than the allowance program. Available data also indicate that market supply of low-income housing is unresponsive to housing allowances.

Since 1975 there has been a trend toward using existing housing or moderately rehabilitating it rather than using new construction. Congress authorized a voucher demonstration program, which began in April 1985, under the Housing and Urban Rural Recovery Act of 1983. This act emphasizes the use of existing housing stock and terminates new construction.

Source: U.S. General Accounting Office, 1986, Housing Allowances--An Assessment of Program Participation and Effects, GAO/PEMD-86-3.

The physical components of housing requirements in HADE[1] *and Section 8 Existing Housing Program*

HADE	Section 8 Existing
Basic services	
Core rooms	
Living room, bathroom, and kitchen; maximum of 2 persons per "adequate" bedroom	Living room, bathroom, kitchen area, and at least 1 sleeping or living and sleeping room of appropriate size for every 2 persons
Complete plumbing	
Private toilet facilities and a washbasin and shower or tub with hot and cold running water, all in working condition	A flush toilet in a separate, private room and a fixed basin and shower or tub with hot and cold running water, all in proper operating condition and using an approved public or private disposal system
Complete kitchen facilities	
A cooking stove or range, refrigerator, and sink with hot and cold running water, all in working condition	A cooking stove or range, refrigerator of appropriate size (supplied by owner or family), and sink with hot and cold running water, all in proper operating condition
Light fixtures	
A working ceiling or wall fixture in the bathroom and kitchen	A working ceiling or wall fixture in the bathroom and kitchen area
Electrical service	
At least 1 operable electric outlet in the living room and kitchen; working wall switch, pull-chain light switch, or additional electric outlet in the living room	At least 2 operable electric outlets, 1 of which may be an overhead light, in the living room, kitchen area, and each bedroom
Safety	
Adequate fire exits	
In multifamily buildings, at least 2 exits from each dwelling unit to safe and open space at ground level	An alternative means of egress from the building, such as fire stairs or windows; each dwelling unit maintainable without unauthorized use of other private property
Acceptable heating equipment	
Dwelling units that have no heating equipment and are heated with unvented room heaters burning gas, oil, or kerosene or mainly with portable electric room heaters are unacceptable	In each dwelling unit, safe heating and cooling facilities in proper operating condition that provide adequate heat and cooling to each room, appropriate for the climate, to ensure a healthy living environment; unvented room heaters burning gas, oil, or kerosene are unacceptable
Structures and surfaces	
Room structure and surface	
Ceilings and walls for all rooms must not have severe bulging, leaning, loose material, large holes, or severe damage requiring replacement	Ceilings and walls must not have serious defects such as severe bulging, leaning, or buckling, large holes, loose materials, missing parts, or other serious damage; the dwelling unit must comply with HUD lead-based paint regulations
Floor structure and surface	
Floor structure and surface for all rooms must not require replacement	Floors must not have serious defects, severe buckling, or noticeable movement under walking stress
Roof structure	
Visible roof structure must be firm	Roof must be firm and weather tight
Exterior structure and surface	
Exterior walls must not require replacement	Exterior walls must not have serious leaning, buckling, sagging, cracks, holes, or loose siding or other serious damage; condition and equipment of exterior and interior stairways, halls, porches, and walkways must not present a danger of falling or tripping; elevators must be maintained, safe, and operable; for mobile homes, the device that distributes and transfers the load to appropriate ground anchors must resist sliding and overturning in wind
Other	
Ceiling height	
For living room, bathroom, and kitchen, 7 feet or higher in at least half the room area	
Light and ventilation	
The dwelling unit must have a 10% dwelling ratio of window to floor area and at least 1 openable window in living room, bathroom, and kitchen or adequate working mechanical ventilation in kitchen and bathroom	The dwelling unit must have adequate circulation throughout and be free from dangerous levels of carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants; bathroom must have at least openable window or other adequate exhaust ventilation

[1] Housing Allowance Demand Experiment, a subexperiment of the Experimental Housing Allowance Program.

Source: U.S. General Accounting Office, 1986, Housing Allowances--An Assessment of Program Participation and Effects, GAO/PEMD-86-3.

New York Family Budget Costs—Annual Price Survey, 1985

The Community Council of Greater New York has published its 22d edition of the Annual Price Survey--Family Budget Costs, the first update since 1982. The survey makes available current data on budget costs for families living at a moderate level in New York City and reflects costs and prices during October 1985. The survey updates the cost of the council's Family Budget Standard (revised in July 1982),[1] which describes the quantities of goods and services required by families of moderate income, taking into account the age, sex, and employment status of each family member, as well as family size.

Changes in family lifestyles during the eighties are reflected in the new survey budgets. Compared to previous surveys, there is a larger representation of more-than-one-wage-earner families. These include an employed couple under age 54, an employed couple with a girl age 7, and an employed couple with an employed son age 22. In addition to more families with working wives, a growing number of adult, employed children are living with their parents. In 1985, 60 percent of men and 48 percent of women aged 18 to 24 lived with their parents--up from 55 percent and 42 percent, respectively, in 1980.

According to the survey, a family of four[2] required $24,535 annually for goods and services to live at a moderate level in the New York City area in October 1985, whereas the survey's retired couple required $15,451 (see table). Housing remained the greatest expenditure in the budgets for both family types, requiring more than 32 percent of the index family's income and 39 percent of the retired couple's budget. Medical care, however, was the budget component that increased the most between 1981 and 1985.

The Annual Price Survey is available for $10 from the Community Council of Greater New York, 275 Seventh Avenue, New York, NY 10001.

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[1] For more information on the revised standard, see "New York City Family Budget Standard," Family Economics Review, 1983 No. 2, p. 25.

[2] The "index" family of four persons includes two adults, ages 35-54, one of whom is a wage-earner; and two children, a boy of 13 years and a girl of 8.

Annual budget costs for index family of 4 persons [1] ***and retired couple***

[Prices as of October 1985, New York City, moderate level]

Item	4-person family		Retired couple	
	Dollars	Percent distribution	Dollars	Percent distribution
Food	7,074	28.8	3,706	24.0
Housing	7,968	32.5	5,971	38.6
Clothing and upkeep	2,418	9.9	847	5.5
Personal care	843	3.4	546	3.6
Medical care	2,413	9.8	2,348	15.2
Transportation	1,535	6.3	1,007	6.5
Other goods and services	2,284	9.3	1,026	6.6
Total	24,535	100.0	15,451	100.0

[1] Index family includes 2 adults, ages 35-54; 1 of whom is a wage-earner, and 2 children, a boy 13 and a girl 8.

Source: Community Council of Greater New York, 1986, Annual Price Survey--Family Budget Costs, 22d ed.

Cost of Food at Home

Cost of food at home estimated for food plans at 4 cost levels, July 1986, U.S. average[1]

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20-50 years	$37.90	$48.00	$59.40	$73.50	$164.70	$207.70	$257.40	$318.40
51 years and over	35.90	46.00	56.90	68.20	155.70	199.30	246.50	295.20
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	55.20	69.00	84.50	103.40	239.50	298.70	366.00	448.30
6-8 and 9-11 years	63.50	81.20	101.60	122.30	275.40	351.50	440.40	529.70
INDIVIDUALS[3]								
Child:								
1-2 years	9.90	12.10	14.10	16.90	43.10	52.30	61.00	73.40
3-5 years	10.80	13.30	16.40	19.70	46.70	57.60	71.00	85.40
6-8 years	13.30	17.60	22.00	25.70	57.50	76.20	95.30	111.30
9-11 years	15.70	20.00	25.60	29.80	68.20	86.50	111.10	128.90
Male:								
12-14 years	16.40	22.70	28.30	33.20	71.20	98.20	122.50	143.70
15-19 years	17.10	23.40	29.10	33.70	74.00	101.60	126.00	146.20
20-50 years	18.20	23.20	29.20	35.20	79.00	100.30	126.50	152.40
51 years and over	16.50	22.10	27.20	32.70	71.60	95.70	118.10	141.50
Female:								
12-19 years	16.30	19.60	23.80	28.70	70.50	84.90	102.90	124.30
20-50 years	16.30	20.40	24.80	31.60	70.70	88.50	107.50	137.10
51 years and over	16.10	19.70	24.50	29.30	69.90	85.50	106.00	126.90

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in Family Economics Review, 1984(1). Estimates for the other plans were computed from quantities of foods published in Family Economics Review, 1983(2). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, CPI Detailed Report, table 3, to estimate the costs for the food plans.

[2] 10 percent added for family size adjustment. See footnote 3.

[3] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Some New USDA Publications

The following are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, (202) 783-3238:

- The U.S. Farm Sector in the Mid-1980's. AER-548. May 1986. SN001-019-00441-0. $2.50.
- Composition of Food: Beverages--Raw, Processed, Prepared. AH 8-14. May 1986. SN001-000-04468-1. $9.50.
- 1985 Agricultural Chartbook. AH-652. December 1985. SN001-019-00428-2. $3.50.
- 1985 Agricultural Chartbook--Enlargement version (black and white charts, each on an 8- by 10-inch page). December 1985. SN001-019-00429-1. $11.00.
- Dietary Guidelines and Your Diet. HG-232-1 to HG-232-7. April 1986. (Set of 7 short bulletins supplementing HG-232, "Nutrition and Your Health: Dietary Guidelines for Americans.") SN001-000-04467-2. $4.50 single set (25 percent discount on orders of 100 or more).
- U.S. Agriculture in a Global Economy, 1985 Yearbook of Agriculture. SN001-000-04452-4. $10.00.

Projected Food Expenditures

Income, age, race, region of household residence, and season of the year affect individual expenditures for food, as reported in a recent bulletin from the Economic Research Service, U.S. Department of Agriculture. Data from the Consumer Expenditure Survey: Interview Survey, 1980-81, of the U.S. Bureau of Labor Statistics were used to measure the effects of income and other demographic factors on per person spending for 28 food groups and alcoholic beverages.

Higher income households spend more per person on most food groups--especially beef, fish, cheese, vegetables, butter, and alcoholic beverages--than do lower income households. Elderly Americans spend less than younger people on food away from home and alcoholic beverages. Nonblacks spend more on food than do blacks, and households in the Northeast and West spend more on food than those in the South and Midwest. Per person spending on food varies little across seasons.

U.S. Census Bureau estimates of population trends (reflecting projected changes in age and racial and regional distributions) and income growth equal to a 2-percent increase in annual income were used to project food spending to the year 2020. The two most significant demographic changes affecting consumer food demand will be the slowing of the overall population growth rate and the subsequent aging of the population. Projected higher incomes and an older population could mean significant shifts in expenditures among food groups even though per capita expenditures for all commodities are likely to increase between 1980 and 2020.[1] Foods that are expected to show the largest per capita expenditure increases include fish, fresh fruits, fresh vegetables, butter, and alcoholic beverages (see table). Smallest increases are expected for milk and cream, eggs, and margarine. Spending for total food, food eaten at home, and food eaten away from home is projected to increase 38.9 percent, 23.5 percent, and 62.1 percent, respectively. Income will be the major contributing factor.

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[1] See James R. Blaylock, and David M. Smallwood, 1986, Projected growth in American food spending, National Food Review, NFR-32:18-21, U.S. Department of Agriculture, Economic Research Service.

Source: Blaylock, James R., and David M. Smallwood, 1986, U.S. Demand for Food: Household Expenditures, Demographics, and Projections, Technical Bulletin No. 1713, U.S. Department of Agriculture, Economic Research Service.

Projected per capita effects of combined demographic changes and a 2-percent increase in annual income on weekly food expenditures, middle series [1]

[1980 = 100]

Item	1990	2000	2010	2020
		(percent)		
Total food	108.0	117.5	128.0	138.9
Food away from home	112.1	125.9	142.2	162.1
Food at home	105.0	111.4	118.1	123.5
Meat, poultry, fish, and eggs	105.5	112.6	120.1	125.3
Beef	105.0	112.2	119.9	126.0
Pork	104.7	110.9	117.0	120.1
Other meat	103.4	108.1	112.5	114.6
Poultry	104.3	108.6	112.4	113.0
Fish	109.4	121.1	133.5	145.0
Eggs	101.0	102.8	104.4	104.1
Cereals and bakery products	103.3	108.1	112.4	115.1
Dairy products	103.0	107.0	110.9	113.9
Milk and cream	99.8	101.1	102.3	102.6
Cheese	107.1	114.6	122.0	128.1
Other dairy products	104.9	111.4	117.2	122.9
Fruits	105.7	113.3	123.4	135.2
Fresh	105.6	114.1	125.6	140.3
Processed	106.0	112.5	119.8	126.3
Vegetables	106.7	114.5	122.7	129.1
Fresh	107.1	115.3	124.2	131.5
Processed	105.7	112.6	119.1	123.4
Sugars and sweeteners	103.4	108.0	111.5	114.1
Nonalcoholic beverages	103.1	107.6	111.8	114.2
Fats and oils	104.8	110.6	116.4	120.7
Butter	107.8	116.2	125.2	134.7
Margarine	102.9	107.2	109.8	109.5
Other	103.5	108.8	113.8	117.4
Miscellaneous	105.4	111.1	117.4	122.9
Alcoholic beverages	111.6	124.8	142.6	164.5

[1] Demographic changes include changing age, regional, and racial distributions.

Source: Blaylock, James R., and David M. Smallwood, 1986, U.S. Demand for Food: Household Expenditures, Demographics, and Projections, Technical Bulletin No. 1713, U.S. Department of Agriculture, Economic Research Service.

Updated Estimates of the Cost of Raising a Child

The cost of raising urban children: June 1986; moderate-cost level [1]

Region and age of child (years)	Total	Food at home [2]	Food away from home	Clothing	Housing [3]	Medical care	Education	Transportation	All other [4]
MIDWEST: [5]									
Under 1	$4,517	$581	$0	$140	$1,967	$321	$0	$849	$659
1	4,649	713	0	140	1,967	321	0	849	659
2-3	4,326	713	0	227	1,728	321	0	740	597
4-5	4,583	818	152	227	1,728	321	0	740	597
6	4,799	792	152	315	1,639	321	149	740	691
7-9	4,983	976	152	315	1,639	321	149	740	691
10-11	5,168	1,161	152	315	1,639	321	149	740	691
12	5,509	1,188	182	454	1,699	321	149	794	722
13-15	5,641	1,320	182	454	1,699	321	149	794	722
16-17	6,178	1,478	182	629	1,758	321	149	876	785
Total	91,856	18,502	2,308	6,152	30,992	5,778	1,788	14,026	12,310
NORTHEAST:									
Under 1	4,481	686	0	140	1,997	321	0	740	597
1	4,639	844	0	140	1,997	321	0	740	597
2-3	4,515	818	0	245	1,818	321	0	685	628
4-5	4,773	924	152	245	1,818	321	0	685	628
6	5,140	924	182	332	1,788	321	186	685	722
7-9	5,324	1,108	182	332	1,788	321	186	685	722
10-11	5,562	1,346	182	332	1,788	321	186	685	722
12	5,893	1,346	182	489	1,848	321	186	767	754
13-15	6,051	1,504	182	489	1,848	321	186	767	754
16-17	6,478	1,663	212	612	1,877	321	186	822	785
Total	96,934	21,138	2,548	6,432	33,140	5,778	2,232	13,042	12,624
SOUTH:									
Under 1	4,920	633	0	157	2,116	356	0	904	754
1	5,052	765	0	157	2,116	356	0	904	754
2-3	4,733	739	0	245	1,877	356	0	794	722
4-5	4,964	818	152	245	1,877	356	0	794	722
6	5,279	818	182	332	1,788	356	224	794	785
7-9	5,437	976	182	332	1,788	356	224	794	785
10-11	5,649	1,188	182	332	1,788	356	224	794	785
12	6,014	1,188	212	489	1,848	356	224	849	848
13-15	6,172	1,346	212	489	1,848	356	224	849	848
16-17	6,616	1,478	212	629	1,907	356	224	931	879
Total	100,016	18,816	2,668	6,500	33,674	6,408	2,688	15,006	14,256
WEST:									
Under 1	4,847	633	0	140	2,056	392	0	904	722
1	5,006	792	0	140	2,056	392	0	904	722
2-3	4,748	765	0	227	1,848	392	0	794	722
4-5	5,036	871	182	227	1,848	392	0	794	722
6	5,422	844	212	332	1,818	392	186	822	816
7-9	5,607	1,029	212	332	1,818	392	186	822	816
10-11	5,845	1,267	212	332	1,818	392	186	822	816
12	6,158	1,267	212	472	1,877	392	186	904	848
13-15	6,290	1,399	212	472	1,877	392	186	904	848
16-17	6,893	1,583	243	594	1,967	392	186	986	942
Total	102,168	19,792	2,970	6,256	33,854	7,056	2,232	15,504	14,504

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[1] Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2] Includes home-produced food and school lunches.

[3] Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4] Includes personal care, recreation, reading, and other miscellaneous expenditures.

[5] Formerly the North Central Region.

The cost of raising rural nonfarm children: June 1986; moderate-cost level [1]

Region and age of child (years)	Total	Food at home[2]	Food away from home	Clothing	Housing[3]	Medical care	Education	Transportation	All other[4]
MIDWEST:[5]									
Under 1	$4,267	$528	$0	$122	$1,877	$321	$0	$822	$597
1	4,399	660	0	122	1,877	321	0	822	597
2-3	3,908	633	0	192	1,579	285	0	685	534
4-5	4,135	739	121	192	1,579	285	0	685	534
6	4,481	739	152	297	1,550	285	149	712	597
7-9	4,639	897	152	297	1,550	285	149	712	597
10-11	4,850	1,108	152	297	1,550	285	149	712	597
12	5,210	1,108	152	454	1,609	285	149	794	659
13-15	5,342	1,240	152	454	1,609	285	149	794	659
16-17	5,735	1,372	182	559	1,639	321	149	822	691
Total	85,556	17,150	2,126	5,728	29,084	5,274	1,788	13,476	10,930
NORTHEAST:									
Under 1	4,954	633	0	140	2,116	321	0	959	785
1	5,086	765	0	140	2,116	321	0	959	785
2-3	4,854	739	0	227	1,937	321	0	876	754
4-5	5,141	844	182	227	1,937	321	0	876	754
6	5,532	844	212	332	1,907	321	224	876	816
7-9	5,691	1,003	212	332	1,907	321	224	876	816
10-11	5,928	1,240	212	332	1,907	321	224	876	816
12	6,281	1,240	212	507	1,967	321	224	931	879
13-15	6,440	1,399	212	507	1,967	321	224	931	879
16-17	6,990	1,557	243	664	2,026	321	224	1,013	942
Total	104,072	19,448	2,970	6,536	35,342	5,778	2,688	16,428	14,882
SOUTH:									
Under 1	5,112	633	0	157	2,116	356	0	1,096	754
1	5,218	739	0	157	2,116	356	0	1,096	754
2-3	4,727	713	0	245	1,818	356	0	904	691
4-5	5,014	818	182	245	1,818	356	0	904	691
6	5,236	792	182	332	1,758	356	186	876	754
7-9	5,394	950	182	332	1,758	356	186	876	754
10-11	5,605	1,161	182	332	1,758	356	186	876	754
12	6,015	1,161	212	507	1,818	356	186	959	816
13-15	6,147	1,293	212	507	1,818	356	186	959	816
16-17	6,662	1,451	243	717	1,848	356	186	1,013	848
Total	100,220	18,340	2,790	6,748	33,020	6,408	2,232	16,926	13,756
WEST:									
Under 1	5,318	633	0	140	2,146	392	0	1,096	911
1	5,450	765	0	140	2,146	392	0	1,096	911
2-3	4,917	739	0	227	1,848	356	0	931	816
4-5	5,204	844	182	227	1,848	356	0	931	816
6	5,626	818	182	350	1,818	392	224	931	911
7-9	5,811	1,003	182	350	1,818	392	224	931	911
10-11	6,022	1,214	182	350	1,818	392	224	931	911
12	6,429	1,214	212	524	1,877	392	224	1,013	973
13-15	6,587	1,372	212	524	1,877	392	224	1,013	973
16-17	7,211	1,557	243	612	1,997	392	224	1,150	1,036
Total	106,725	19,263	2,790	6,608	34,094	6,912	2,688	17,854	16,516

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[1] Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2] Includes home-produced food and school lunches.

[3] Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4] Includes personal care, recreation, reading, and other miscellaneous expenditures.

[5] Formerly the North Central Region.

Consumer Prices

Consumer Price Index for all urban consumers
[1967 = 100, unless otherwise noted]

Group	Unadjusted indexes July 1986	June 1986	May 1986	July 1985
All items	328.0	327.9	326.3	322.8
Food	320.1	317.1	317.0	309.5
Food at home	305.5	301.6	302.1	296.2
Food away from home	360.8	360.2	358.8	347.3
Housing	361.5	361.2	358.5	351.6
Shelter	403.5	401.6	400.9	383.2
Renters' costs[1]	122.5	121.6	121.1	115.8
Rent, residential	281.2	279.4	278.4	265.0
Homeowners' costs[1]	119.4	119.0	118.9	113.5
Maintenance and repairs	369.2	366.6	367.1	367.8
Maintenance and repair services	430.1	427.4	425.5	421.1
Maintenance and repair commodities	262.7	260.7	262.9	267.8
Fuel and other utilities	389.4	393.8	382.5	399.9
Fuel oil, coal, and bottled gas	459.4	486.6	496.8	601.9
Gas (piped) and electricity	462.3	466.0	444.6	467.1
Household furnishings and operation	250.5	250.2	249.9	246.5
Housefurnishings	201.2	200.8	200.8	198.8
Housekeeping supplies	319.5	319.6	318.3	313.1
Housekeeping services	346.6	346.1	345.8	339.8
Apparel and upkeep	203.2	204.5	206.4	202.8
Apparel commodities	187.0	188.4	190.7	188.0
Men's and boys' apparel	195.8	198.1	200.2	194.5
Women's and girls' apparel	159.8	161.3	164.9	163.4
Infants' and toddlers' apparel	307.5	319.7	318.5	294.5
Footwear	209.1	210.0	211.5	211.4
Apparel services	334.6	334.3	333.6	321.4
Transportation	304.7	308.6	305.7	321.8
Private transportation	396.5	300.8	297.8	316.1
New vehicles	224.5	224.0	222.8	214.3
Used cars	360.3	362.5	363.6	376.7
Motor fuel	280.2	299.4	289.3	385.5
Maintenance and repair	363.4	362.1	361.3	351.1
Public transportation	428.0	425.4	423.7	402.4
Medical care	434.8	432.0	429.7	404.0
Medical care commodities	275.4	273.3	272.3	257.8
Medical care services	469.8	466.8	464.2	435.8
Professional services	391.7	390.3	388.3	368.1
Entertainment	274.4	273.9	272.9	265.7
Other goods and services	344.9	342.6	342.1	325.0
Personal care	291.1	291.0	290.9	282.3
Personal and educational expenses	421.2	420.4	419.5	390.1

[1] Indexes based on December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Index of Articles in 1986 Issues

FINANCE

	Issue No.	Page
Contributions and Gifts of Cash	4	12
Economic Characteristics of U.S. Households--2d Quarter 1984	1	24
Households Receiving Noncash Benefits	3	25
New York Family Budget Costs--Annual Price Survey, 1985	4	24
1986 Revision of Poverty Income Guidelines	3	23
Revision of the Equal Credit Regulation	3	21

FAMILY LIVING

Award and Receipt of Child Support and Alimony	2	16
Households, Families, and Living Arrangements	2	32
Child Care Arrangements and Expenditures	4	1
Economic Outlook for Families--1986	2	1
Farm Families: Economic Outlook for 1986	2	10

FOOD

Bulk Foods--Cost and Other Considerations	1	33
Convenience and the Cost of the "Newer" Frozen Plate Dinners and Entrees	1	26
Diets of School-Age Children and Teenagers	3	14
Family Expenditures for Food Away From Home and Prepared Food	3	9
Food Habits of Vietnamese Immigrants	2	28
Food and Nutrient Intakes by Women and Children, Spring 1985	2	2
Nutrient Content of the U.S. Food Supply	3	8
Projected Food Expenditures	4	26
Second Edition of Dietary Guidelines Available	1	39
Share of Income Spent for Food	3	8

LABOR--POPULATION

Characteristics of the Rural and Farm-Related Population	3	22
Earnings of Married-Couple Families	4	10
Mothers' Labor Force Activity	4	8
Planning for Tomorrow's Elderly	4	17
Women and Social Security--Findings From the New Beneficiary Survey	1	23

MISCELLANEOUS

Federal Sources of Family Economic Data	1	1
Housing Alternatives for the Elderly	3	1
Housing Assistance Program Participation	4	21
New Publications From Human Nutrition Information Service	3	25
Perspectives on Comparable Worth	3	26
Recent Trends in Clothing and Textiles	2	17
Revision of the Consumer Price Index in 1987	1	22
Terms, Concepts, and Acronyms in Family Financial Planning	1	13

Highlights

Child Care

Cash Contributions and Gifts

Tomorrow's Elderly